Committee on Revenue
Summary and Disposition of Bills

One Hundred Fourth Legislature

First & Second Sessions

August, 2016

Senator Mike Gloor, Chair

COMMITTEE ON REVENUE

104th Legislature

2015 - 2016

Members of Committee

Senator Mike Gloor, Chairperson .... Grand Island
Senator Paul Schumacher, Vice Chairperson .... Columbus
Senator Lydia Brasch .... Bancroft
Senator Al Davis .... Hyannis
Senator Burke Harr .... Omaha
Senator Jim Smith .... Papillion
Senator Jim Scheer .... Norfolk
Senator Kate Sullivan .... Cedar Rapids

Committee Staff

Committee Counsel .... Mary Jane Egr Edson
Research Analyst ……………………………………… Kay Bergquist
Committee Clerk .... Krissa Delka

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Property Tax

Sales Tax

Bills Referenced to the Revenue Committee - By Bill Number

104th Legislature – First Session of the Legislature of Nebraska – January 2015

LB #	Introducer	One Liner	Hearing Date	Exec Session Date	Committee Amendments	Disposition at Sine Die	Signed by Governor	Comments
LB 20	Krist	Change the income tax exemptions for social security benefits and military retirement benefits	2/4/15	None		In Committee		-IPP at Sine Die (4/20/16)
LB 26	Krist	Adopt the Choice for the Advancement of Nebraska Children in Education Act and provide for tax credits	3/18/15	None		In Committee		-IPP at Sine Die (4/20/16)
LB 52	Scheer	Exempt sanitary drainage districts from sales and use taxes	1/23/15	1/28/15	None	Passed, 46-0-3	Approved, 3/5/15	None
LB 62	Schumacher	Provide an income tax deduction for loan principal payments for graduate degrees	2/4/15	None		In Committee		-IPP at Sine Die (4/20/16)
LB 63	Schumacher	Provide an income tax deduction for the amount of income subjected to Social Security taxes	1/28/15	None		In Committee		-IPP at Sine Die (4/20/16)
LB 64	Schumacher	Provide an income tax deduction for the income earned from second jobs	3/4/15	None		In Committee		-IPP at Sine Die (4/20/16)
LB 68	Schumacher	Eliminate stepped-up basis of inherited real estate	1/22/15	None		In Committee		-IPP at Sine Die (4/20/16)
LB 69	Schumacher	Provide an income tax credit for corporate income taxes paid	2/5/15	None		In Committee		-IPP at Sine Die (4/20/16)
LB 70	Schumacher	Authorize an occupation tax on certain mechanical amusement devices	1/23/15	1/30/15	AM 118	Passed, 35-11-3	Vetoed, 5/27/15	-Committee AM 118-adopted -Passed with Emergency Clause -No motion to override veto filed

LB #	Introducer	One Liner	Hearing Date	Exec Session Date	Committee Amendments	Disposition at Sine Die	Signed by Governor	Comments
LB 71	Schumacher	Adopt the Agricultural Property Tax Credit Act	1/22/15	None		In Committee		-IPP at Sine Die (4/20/16)
LB 73	Schumacher	Adopt the Modern Tax Act	1/30/15	None		In Committee		-IPP at Sine Die (4/20/16)
LB 74	Schumacher	Change sales and use tax collection fees	1/23/15	None		In Committee		-IPP at Sine Die (4/20/16)
LB 75	Schumacher	Adopt the Taxpayer Investment Program	1/30/15	None		In Committee		-IPP at Sine Die (4/20/16)
LB 76	Schumacher	Change provisions relating to the earned income tax credit and the homestead exemption	1/22/15	3/15/15	None	General File		-Provisions/portions of LB 76 amended into LB 591 by AM 1682
LB 123	Schumacher	Change provisions relating to the payment of warrants	1/30/15	2/19/15	None	Passed, 47-0-2	Approved, 5/26/15	None
LB 153	Morfeld	Exempt college textbooks from sales and use taxes	2/6/15	None		In Committee		-IPP at Sine Die (4/20/16)
LB 156	Stinner	Change the amount of credits allowed under the Angel Investment Tax Credit Act	2/6/15	3/3/15	AM 645	Passed, 46-0-3	Approved, 5/27/15	-Committee AM 645-adopted -Sen. Hilkemann Priority Bill
LB 162	Schumacher	Change provisions relating to sales of real property for nonpayment of taxes	1/29/15	None		In Committee		-IPP at Sine Die (4/20/16)
LB 165	Lindstrom	Change income tax provisions relating to Social Security benefits	1/28/15	None		In Committee		-IPP at Sine Die (4/20/16)
LB 170	Gloor	Change distribution of the Sports Arena Facility Support Fund	1/21/15	1/21/15	None	Passed, 49-0-0	Approved, 2/26/15	None
LB 171	Gloor	Update references to the Internal Revenue Code	1/21/15	1/21/15	None	Passed, 49-0-0	Approved, 2/26/15	None
LB 178	Watermeier	Change valuation of agricultural land and horticultural land	1/29/15	None		In Committee		-IPP at Sine Die (4/20/16)
LB 186	Bolz	Adopt the Property Tax Circuit Breaker Act	1/29/15	None		In Committee		-IPP at Sine Die (4/20/16)

LB #	Introducer	One Liner	Hearing Date	Exec Session Date	Committee Amendments	Disposition at Sine Die	Signed by Governor	Comments
LB 191	Bloomfield	Exempt food sold by veterans service organizations from sales and use taxes	2/6/15	None		In Committee		-IPP at Sine Die (4/20/16)
LB 200	Davis	Change the distribution of sales and use tax revenue and provide duties for the Department of Revenue	2/20/15	3/3/15	AM 646	Passed, 47-0-2	Approved, 5/27/15	-Committee AM 646–adopted -Speaker Priority Bill
LB 201	Davis	Change provisions relating to uranium severance taxes	None	None		Withdrawn		-Senator Davis withdrew LB 201 on January 23, 2015
LB 210	Ebke	Change provisions relating to housing agencies and taxation of mixed-use developments	2/20/15	None		In Committee		-IPP at Sine Die (4/20/16)
LB 216	Hadley	Correct provisions relating to the streamlined sales and use tax agreement	1/30/15	3/6/15		Select File		-IPP at Sine Die (4/20/16)
LB 217	Hadley	Revise statute relating to premium taxes	1/30/15	3/6/15		Select File		-IPP at Sine Die (4/20/16)
LB 218	Hadley	Correct references to a federal act in income tax provisions	1/30/15	3/6/15		Select File		-IPP at Sine Die (4/20/16)
LB 228	Watermeier	Change corporate income tax rates	2/5/15	None		In Committee		-IPP at Sine Die (4/20/16)
LB 230	Mello	Change provisions relating to partition actions	2/19/15	4/9/15	AM 752	General File		-Committee AM 752-pending -IPP at Sine Die (4/20/16)
LB 246	Sullivan	Redefine a term under the Nebraska Advantage Microenterprise Tax Credit Act	2/5/15	2/19/15	None	Passed, 47-0-2	Approved, 5/26/15	None
LB 249	Sullivan	Exempt horses from sales and use taxes	2/6/15	3/3/15	AM 622	General File		-Committee AM 622-pending -IPP at Sine Die (4/20/16)
LB 255	Morfeld	Provide income tax credits for apprenticeships	2/4/15	None		In Committee		-IPP at Sine Die (4/20/16)
LB 256	Bloomfield	Change the sales tax rate and the distribution of sales tax revenue	2/20/15	None		In Committee		-IPP at Sine Die (4/20/16)

LB #	Introducer	One Liner	Hearing Date	Exec Session Date	Committee Amendments	Disposition at Sine Die	Signed by Governor	Comments
LB 259	Gloor	Adopt the Personal Property Tax Relief Act	1/29/15	3/11/15	AM 824	Passed, 47-0-2	Approved, 5/27/15	-Committee AM 824-adopted -Rev. Comm. Priority Bill
LB 260	Gloor	Authorize the Property Tax Administrator to correct certain errors	1/23/15	1/28/15	None	Passed, 46-0-3	Approved, 3/5/15	-Passed with Emergency Clause
LB 261	Gloor	Change revenue and taxation provisions	1/23/15	1/28/15	AM 44	Passed, 47-0-2	Approved, 3/5/15	-Committee AM 44-adopted -Passed with Emergency Clause
LB 267	Crawford	Change the income tax exemption for military retirement income	1/28/15	None		In Committee		-IPP at Sine Die (4/20/16)
LB 277	B. Harr	Change tax deed lien priority	2/12/15	2/19/15	None	Passed, 48-0-1	Approved, 5/26/15	None
LB 278	B. Harr	Exempt motor vehicle washing and waxing services from sales and use tax	2/6/15	4/13/15	None	General File		-IPP at Sine Die (4/20/16)
LB 280	Davis	Authorize a school-funding surtax and reduce the levy authority of school districts and learning communities	2/18/15	None		In Committee		-IPP at Sine Die (4/20/16)
LB 284	Riepe	Redefine terms under the Sports Arena Facility Financing Assistance Act	2/20/15	None		In Committee		-IPP at Sine Die (4/20/16)
LB 285	Riepe	Redefine a term under the Sports Arena Facility Financing Assistance Act	2/20/15	4/29/15	AM 1426	Passed, 41-3-5	Approved, 2/11/16	-Comm. AM 1426-adopted -Sen. Riepe Priority Bill
LB 293	Schnoor	Change valuation of agricultural land and horticultural land	2/19/15	None		In Committee		-IPP at Sine Die (4/20/16)
LB 321	Bolz	Adopt the Nebraska Industrial New Job-training Act and authorize certain payments and taxes	2/11/15	None		In Committee		-IPP at Sine Die (4/20/16)
LB 322	Bolz	Increase child and dependent care tax credits	2/11/15	3/10/15	AM 809	General File		-Committee AM 809-pending -IPP at Sine Die (4/20/16)

LB #	Introducer	One Liner	Hearing Date	Exec Session Date	Committee Amendments	Disposition at Sine Die	Signed by Governor	Comments
LB 325	Davis	Change levy provisions for rural and suburban fire protection districts	2/26/15	3/6/15	None	Passed, 40-2-7	Approved, 5/27/15	-Speaker priority bill
LB 331	Nordquist	Adopt the Bioscience Impact Opportunity Act	2/11/15			In Committee		-IPP at Sine Die (4/20/16)
LB 345	Kolowski	Adopt the Property Tax Relief Act	2/12/15			In Committee		-IPP at Sine Die (4/20/16)
LB 350	Brasch	Change valuation of agricultural land and horticultural land	2/19/15			In Committee		-Sen. Brasch Priority Bill
LB 356	B. Harr	Change provisions relating to the assessment of certain rent-restricted housing projects	2/26/15	3/11/15	AM 803	Passed, 45-0-3	Approved, 4/13/15	-Comm. AM 803-adopted -Comm. Priority Bill
LB 357	Smith	Change income tax rates and transfer funds from the Cash Reserve Fund	2/18/15	None		In Committee		-IPP at Sine Die (4/20/16)
LB 361	B. Harr	Clarify that certain assessments levied as prescribed are levied and collected as special assessments	2/26/15	3/3/15	None	Passed, 49-0-0	Approved, 5/27/15	-Speaker Priority Bill
LB 372	Craighead	Adopt the First-time Home Buyer Savings Plan Act and provide income tax adjustments	2/11/15	None		In Committee		-IPP at Sine Die (4/20/16)
LB 384	Lindstrom	Provide for reclassification of agricultural land and horticultural land	2/19/15	None		In Committee		-IPP at Sine Die (4/20/16)
LB 386	Watermeier	Change a sales tax exemption for agricultural machinery and equipment	2/27/15	None		In Committee		-IPP at Sine Die (4/20/16)
LB 391	Crawford	Change sales tax collection fees for motor vehicle	2/27/15	None		In Committee		-IPP at Sine Die (4/20/16)
LB 396	Riepe	Allow an income tax credit for certain long-term insurance policy premiums	2/25/15	None		In Committee		-IPP at Sine Die (4/20/16)

LB #	Introducer	One Liner	Hearing Date	Exec Session Date	Committee Amendments	Disposition at Sine Die	Signed by Governor	Comments
LB 398	B. Harr	Exempt all tangible personal property from property tax	3/5/15	None		In Committee		-IPP at Sine Die (4/20/16)
LB 408	Kolterman	Eliminate provisions relating to penalties for corporations and companies that fail to pay taxes	2/25/15		AM 586	Passed, 46-0-3	Approved, 5/26/15	-Committee AM 586-adopted
LB 414	B. Harr	Provide a property tax exemption for fraternal benefit societies	3/5/15	3/5/15	None	Passed, 33-13-3	Approved, 5/13/15	-Sen. Burke Harr Priority Bill
LB 419	Mello	Exempt sales and purchases by zoos and aquariums from sales and use tax	2/18/15	3/5/15	None	Passed, 39-5-5	Approved, 5/27/15	-Sen. Mello Priority Bill
LB 423	Nordquist	Change a renewable energy tax credit	2/25/15	4/1/15	AM 1103	Cloture motion failed on Select File		-Committee AM 1103-adopted -Sen. Nordquist Priority Bill -IPP at Sine Die (4/20/16)
LB 424	Davis	Change provisions relating to the nameplate capacity tax	3/5/15	3/11/15	None	Passed, 47-0-2	Approved, 5/26/15	None
LB 428	Garrett	Provide an exemption from motor vehicle taxation for certain veterans	2/27/15	3/5/15	AM 733	General File		-Committee AM 733-pending -IPP at Sine Die (4/20/16)
LB 438	Morfeld	Change distribution of sales and use tax revenue and create and provide for a fund	3/6/15	None		In Committee		-IPP at Sine Die (4/20/16)
LB 453	Hilkemann	Change provisions relating to motor vehicle taxes	2/27/15	None		In Committee		-IPP at Sine Die (4/20/16)
LB 454	Garrett	Change provisions relating to the taxation of military retirement benefits	2/4/15	None		In Committee		-IPP at Sine Die (4/20/16)
LB 466	B. Harr	Change provisions relating to deductions of municipal sales and use tax refunds	3/12/15	None		In Committee		-IPP at Sine Die (4/20/16)
LB 470	Hansen	Provide an income tax credit for caregivers	3/4/15	None		In Committee		-IPP at Sine Die (4/20/16)

LB #	Introducer	One Liner	Hearing Date	Exec Session Date	Committee Amendments	Disposition at Sine Die	Signed by Governor	Comments
LB 476	Davis	Provide duties for county assessors and the Property Tax Administrator relating to tax-exempt real property	3/5/15	None		In Committee		-IPP at Sine Die (4/20/16)
LB 495	Pansing Brooks	Increase the earned income tax credit	3/4/15	None		In Committee		-IPP at Sine Die (4/20/16)
LB 510	Cook	Provide an income tax credit to employers of public assistance recipients	2/25/15	3/10/15	AM 732	General File		-Committee AM 732-pending -Provisions amended into LB 774 by AM 2422
LB 521	Sullivan	Provide, eliminate, and change provisions relating to property tax levies and credits and state aid to schools and provide for a transfer from the Cash Reserve Fund	2/26/15	None		In Committee		-IPP at Sine Die (4/20/16)
LB 523	Sullivan	Change income tax rates and state intent relating to funding public education	2/26/15	None		In Committee		-IPP at Sine Die (4/20/16)
LB 538	Legislative Performance Audit Committee	Require audits of tax incentive programs under the Legislative Performance Audit Act and change tax incentive sunset dates	2/25/15	3/5/15	None	Passed, 46-0-3	Approved, 5/27/15	-Legislative Performance Audit Committee Priority Bill
LB 542	B. Harr	Provide a sales tax exemption for purchases by county agricultural societies	3/6/15	3/19/15		General File		-Provisions amended into LB 774 by AM 2422
LB 550	B. Harr	Change provisions relating to the Municipal Equalization Fund	3/12/15	None		In Committee		-IPP at Sine Die (4/20/16)
LB 559	Schumacher	Change provisions relating to the treatment of tax credits under the New Markets Job Growth Investment Act	3/4/15	3/11/15	None	Passed, 45-0-4	Approved, 5/27/15	-Passed with Emergency Clause -Sen. Williams Priority Bill
LB 573	Davis	Adopt the Health Enterprise Zone Act and provide for tax credits	3/11/15	None		In Committee		-IPP at Sine Die (4/20/16)

LB #	Introducer	One Liner	Hearing Date	Exec Session Date	Committee Amendments	Disposition at Sine Die	Signed by Governor	Comments
LB 574	Davis	Adopt the Intangible Personal Property Tax Act	3/12/15	3/18/15		Indefinitely Postponed		None
LB 587	McCollister	Change the motor vehicle tax schedules	3/18/15	None		In Committee		-IPP at Sine Die (4/20/16)
LB 591	Bolz	Create the achieve a better life experience program and provide for adjustments to taxable income	3/11/15	3/18/15	AM 627	Passed, 47-0-2	Approved, 5/27/15	-Passed with Emergency Clause -Committee AM 627-adopted -Speaker Priority Bill -Portions of LB 76 (Schumacher) amended into LB 591 by AM 1682
LB 608	Mello	Change revenue and taxation provisions	3/4/15	None		In Committee		-IPP at Sine Die (4/20/16)
LB 610	Smith	Change motor fuel excise taxes	3/6/15	3/11/15	None	Passed, 26-15-8	Vetoed, 5/7/15	-Veto Overridden, 30-16-3 -Senator Friesen Priority Bill
LB 613	Kintner	Provide duties for the Department of Revenue and change income tax rates and the distribution of sales and use tax revenue	3/18/15	None		In Committee		-IPP at Sine Die (4/20/16)
LB 614	Kintner	Change provisions relating to the taxation of military retirement benefits	2/4/15	None		In Committee		-IPP at Sine Die (4/20/16)
LB 615	Kintner	Provide a property tax exemption for homesteads of certain persons	2/12/15	None		In Committee		-IPP at Sine Die (4/20/16)
LB 645	Nordquist	Adopt the Early Childhood Workforce Development Opportunity Act and provide tax credits	3/11/15	None		In Committee		-IPP at Sine Die (4/20/16)
LB 653	Johnson	Exempt certain purchases of energy star qualified products from sales and use taxes	3/6/15	None		In Committee		-IPP at Sine Die (4/20/16)

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LB #	Introducer	One Liner	Hearing Date	Exec Session Date	Committee Amendments	Disposition at Sine Die	Signed by Governor	Comments
LB 671	Krist	Repeal the Build Nebraska Act and change the distribution of sales tax revenue	2/5/16	2/10/16		Indefinitely Postponed, 7-0-1		-Indefinitely Postponed by the Revenue Committee 2/11/16
LB 683	Craighead	Change provisions relating to homestead exemptions for surviving spouses	1/28/16	2/10/16		Passed, 47-0-2	Approved, 4/18/16	-Senator Craighead priority bill
LB 685	Bolz	Adopt the Student Loan Repayment Tax Credit Act	1/27/16	3/10/16	-AM 2475	General File		-Committee AM 2475pending -IPP at Sine Die (4/20/16)
LB 689	Bloomfield	Eliminate a sales and use tax exemption relating to political events	1/22/16	2/10/16		General File		-IPP at Sine Die (4/20/16)
LB 717	Groene	Change provisions relating to the assessment and valuation of real property	2/4/16	None				-Senator Groene priority bill -IPP at Sine Die (4/20/16)
LB 723	Schumacher	Change sales and use tax collection fees	1/22/16	None				-IPP at Sine Die (4/20/16)
LB 724	Schumacher	Change sales and use tax collection fees	1/22/16	None				-IPP at Sine Die (4/20/16)
LB 725	Schumacher	Provide an exception to a filing requirement relating to conveyances of real estate	1/21/16	2./10/16	-AM 2011	Passed, 46-0-3	Approved, 4/6/16	-Committee AM 2011-adopted
LB 727	Schilz	Impose a tax on sales of tobacco at cigar shops	1/28/16	1/28/16	None	Indefinitely Postponed, 7-0-1		-Indefinitely Postponed by the Revenue Committee 1/28/16
LB 749	Lindstrom	Change an income tax exemption relating to social security benefits	1/20/16	None				-IPP at Sine Die (4/20/16)
LB 756	Legislative Performance Audit Committee	Terminate the Long-Term Care Savings Plan Act	1/20/16	3/2/16	-AM 2375	Passed, 49-0-0	Approved, 4/19/16	-Comm. AM2375-adopted

LB #	Introducer	One Liner	Hearing Date	Exec Session Date	Committee Amendments	Disposition at Sine Die	Signed by Governor	Comments
LB 762	Kintner	Change the tax on cigars, cheroots, and stogies	1/28/16	None				-IPP at Sine Die (4/20/16)
LB 763	Garrett	Adopt the Nebraska is Honoring Our Military Exemption Act and provide an income tax exemption	1/20/16	None				-IPP at Sine Die (4/20/16)
LB 774	Scheer	Change revenue and taxation provisions	2/5/16	3/7/16	-AM 2422	Passed, 37-10-2	Approved, 4/18/16	-Committee Priority Bill -Committee AM 2422-adopted -Omnibus Bill – Includes provisions of LB 510, LB 542, LB 888, LB 1015, LB 1047, LB 1088 amended into LB 774 by AM 2422 -Provisions of LB 1014 (Stinner) amended into LB 774 by AM 2648
LB 775	Gloor	Change property tax provisions relating to motor vehicles	1/21/16	1/21/16		Passed, 47-0-2	Approved, 2/24/16	-Passed with Emergency Clause
LB 776	Gloor	Change revenue and taxation provisions	1/21/16	1/21/16 1/28/16	-AM 1932	Passed, 48-0-1	Approved, 3/9/16	-Committee AM 1932-adopted
LB 777	Gloor	Change provisions relating to partial payments for property taxes held in escrow	1/21/16	None				-IPP at Sine Die (4/20/16)
LB 797	Schumacher	Change provisions relating to the accrual of interest on denied and reduced homestead exemptions	2/18/16	None				-IPP at Sine Die (4/20/16)
LB 812	Smith	Provide a sales tax exemption relating to custom software	2/10/16	None				-IPP at Sine Die (4/20/16)
LB 825	Davis	Provide reporting requirements for tax-exempt property	2/18/16	None				-IPP at Sine Die (4/20/16)
LB 870	B. Harr	Provide an income tax credit to graduates of certain educational institutions	1/27/16	None				-IPP at Sine Die (4/20/16)

LB #	Introducer	One Liner	Hearing Date	Exec Session Date	Committee Amendments	Disposition at Sine Die	Signed by Governor	Comments
LB 884	Scheer	Change the Convention Center Facility Financing Assistance Act and the Sports Arena Facility Financing Assistance Act and adopt the Affordable Housing Tax Credit Act	1/22/16	3/10/16	-AM 2522	Passed, 43-4-2	Approved, 4/19/16	-Committee AM 2522-adopted -Provisions of LB 951 amended into LB 884 via AM 2252 -Senator Smith Priority Bill
LB 886	Davis	Adopt the Volunteer Emergency Responders Incentive Act and provide income tax credits	2/3/16	3/2/16		Passed, 46-0-3	Approved, 4/18/16	-Senator Davis Priority Bill
LB 888	Mello	Change provisions relating to tax credits under the Nebraska Job Creation and Mainstreet Revitalization Act	1/27/16	2/10/16		Placed on General File		-Provisions of LB 888 were amended into LB 774 by AM 2422
LB 889	Mello	Adopt the School Readiness Tax Credit Act	2/3/16	3/10/16	-AM 2490	Passed, 42-5-2	Approved, 4/18/16	-Senator Mello priority bill -Committee AM 2490-adopted
LB 907	B. Harr	Change provisions relating to the New Markets Job Growth Investment Act	2/3/16	None				-IPP at Sine Die (4/20/16)
LB 913	Smith	Adopt the Facilitating Business Rapid Response to State Declared Disasters Act	2/24/16	3/2/16	-AM 2364	Passed, 47-0-2	Approved, 4/7/16	-Committee AM 236-adopted
LB 925	B. Harr	Change provisions relating to issuing a treasurer's tax deed and bringing a tax lien foreclosure action as prescribed	2/17/16	None				-IPP at Sine Die (4/20/16)
LB 926	B. Harr	Adopt the Nebraska Rural Jobs Act and provide tax credits	None	None				-Sen. Burke Harr filed a motion to withdraw LB 926 -Motion carried – bill withdrawn
LB 936	Ebke	Change inheritance tax rates and exemption amounts	2/17/16	None				-IPP at Sine Die (4/20/16)
LB 940	Johnson	Adopt the Tax Stabilization Act	2/4/16	None				-IPP at Sine Die (4/20/16)

LB #	Introducer	One Liner	Hearing Date	Exec Session Date	Committee Amendments	Disposition at Sine Die	Signed by Governor	Comments
LB 941	Gloor	Update references to the Internal Revenue Code	1/27/16	1/28/16		General File		-IPP at Sine Die (4/20/16)
LB 949	B. Harr	Change the commission allowed to cigarette stamping agents	2/11/16 & 2/24/16	3/2/16				-IPP at Sine Die (4/20/16)
LB 950	B. Harr	Allow a bad debt deduction relating to cigarette and tobacco product taxes	2/11/16 & 2/24/16	None				-IPP at Sine Die (4/20/16)
LB 951	B. Harr	Adopt the Affordable Housing Tax Credit Act	2/10/16	None		Enacted		-Provisions/portions of LB951 amended into LB884 by AM 2522
LB 958	Gloor	Change provisions relating to property tax credits	2/4/16 & 3/24/16	3/24/16	-AM 2717	Passed, 47-1-1	Approved, 4/19/16	-Comm. AM 2717-adopted -Rev. Comm. priority bill
LB 974	Kolowski	Exempt sales of clothing, school supplies, computers, and computer-related accessories from sales and use taxes	2/19/16	None				-IPP at Sine Die (4/20/16)
LB 995	Davis	Repeal provisions relating to the special valuation of agricultural land and provide for the agricultural value of agricultural land	2/17/16	None				-IPP at Sine Die (4/20/16)
LB 1013	Gloor	Change tax on cigarettes and other tobacco products and provide for distribution of proceeds	2/11/16 & 2/24/16					-Senator Gloor priority bill -IPP at Sine Die (4/20/16)
LB 1014	Stinner	Change provisions relating to levy limitations and budget limitations for public airports	2/24/16	3/8/16	-AM 2192	Enacted		-Comm. AM 2192-pending -Provisions/portions of LB 1014 amended into LB 774 by AM 2648

LB #	Introducer	One Liner	Hearing Date	Exec Session Date	Committee Amendments	Disposition at Sine Die	Signed by Governor	Comments
LB 1015	B. Harr	Change a sales tax exemption relating to museums	2/3/16	3/2/16				-Provisions/portions of LB 1015 amended into LB 774 by AM 2422
LB 1021	Crawford	Change provisions relating to access to sales and use tax information by municipalities	2/19/16	None				-IPP at Sine Die (4/20/16)
LB 1031	Hansen	Change the levy authority of railroad transportation safety districts	2/25/16	None				-IPP at Sine Die (4/20/16)
LB 1037	Brasch	Change property tax provisions relating to agricultural land and horticultural land	2/17/16	2/24/16				-Senator Kintner priority bill -Brasch MO 238 Unanimous consent to bracket until April 20, 2016 filed-adopted
LB 1047	B. Harr	Change sales tax exemption provisions relating to purchases of energy and fuel	2/19/16	3/2/16				-Provisions/portions of LB 1047 amended into LB 774 by AM 2422
LB 1048	B. Harr	Adopt the Nebraska Agriculture and Manufacturing Jobs Act and provide tax credits	2/10/16	4/13/16	-AM 2930	On General File		-Comm. AM 2930-pending -IPP at Sine Die (4/20/16)
LB 1051	B. Harr	Redefine qualified business under the Nebraska Advantage Act	2/25/16	3/2/16	-AM 2309	On General File		-Comm. AM 2309-pending -IPP at Sine Die (4/20/16)
LB 1085	Davis	Change a renewable energy tax credit	2/25/16	None				-IPP at Sine Die (4/20/16)
LB 1087	Davis	Change sales tax provisions relating to the definition of engaged in business in this state	2/24/16	None				-IPP at Sine Die (4/20/16)
LB 1088	Davis	Provide a sales and use tax exemption for nonprofit centers for independent living	2/19/16	3/2/16				-Provisions/portions of LB 1088 amended into LB 774 by AM 2422
LB 1095	Kintner	Require employer identification numbers and the use of the federal immigration verification system	2/25/16	None				-IPP at Sine Die (4/20/16)

LB #	Introducer	One Liner	Hearing Date	Exec Session Date	Committee Amendments	Disposition at Sine Die	Signed by Governor	Comments
LB 1104	Larson	Provide for tax incentives, intent provisions, and revenue-sharing agreements relating to Native Americans	2/18/16	None				-IPP at Sine Die (4/20/16)
LR 390 CA	Davis	Constitutional amendment requiring community colleges funding by sales and income taxes and not property taxes	2/18/16	None				-IPP at Sine Die (4/20/16)

Constitutional Amendment

LR 390 CA (Davis) Constitutional amendment requiring community colleges to be funded by sales and income taxes and not property taxes

Introduced Version:

The resolution proposes a constitutional amendment to be voted on during the November 2016 general election. The proposed amendment would eliminate funding for community colleges via the property tax, as is done now. It would instead require community colleges to be funded via income taxes or sales and use taxes or both.

Disposition at Sine Die:

LR 390 CA was not advanced from the committee and was indefinitely postponed with the end of the legislative session on April 20, 2016.

Gubernatorial Appointments

Ruth Sorensen – Property Tax Administrator, Nebraska Department of Revenue

Ms. Sorensen's appointment was heard at the Revenue Committee public hearing on January 23, 2015. The Committee approved the appointment unanimously on January 28, 2015. The Legislature adopted the confirmation report, 32 ayes and 0 nays, of Ms. Sorensen's appointment on February 6, 2015.

Tony Fulton – Tax Commissioner, Nebraska Department of Revenue

Mr. Fulton's appointment was heard at the Revenue Committee public hearing on January 21, 2016. The Committee approved the appointment unanimously on January 21, 2016. The Legislature adopted the confirmation report with 37 ayes and 0 nays, of Mr. Fulton's appointment on January 26, 2016.

Robert Hotz – Commissioner, Tax Equalization and Review Committee

Mr. Hotz's appointment was heard at the Revenue Committee public hearing on January 28, 2016. The Committee approved the appointment with 6 ayes, 1 absent and 1 present not voting, on January 28, 2016. The Legislature adopted the confirmation report with 36 ayes and 0 nays, of Mr. Hotz's appointment on February 4, 2016.

Steven Keetle – Commissioner, Tax Equalization and Review Committee

Mr. Keetle's appointment was heard at the Revenue Committee public hearing on January 28, 2016. The Committee approved the appointment with 7 ayes and 1 absent, on January 28, 2016. The Legislature adopted the confirmation report with 33 ayes and 0 nays, of Mr. Keetle's appointment on February 4, 2016.

Income Tax

LB 20 (Krist) Change the income tax exemptions for social security benefits and military retirement benefits

Introduced Version:

The bill excludes all Social Security benefits from federal AGI for tax years beginning or deemed to begin on January 1, 2015. It would also exclude all military retirement benefits beginning with the same tax year. "Military retirement benefits" are defined to include payments to both uniformed and civilian personnel from the Department of Defense.

Disposition at Sine Die:

LB 20 was not advanced from the committee and was indefinitely postponed with the end of the legislative session on April 20, 2016.

LB 63 (Schumacher) Provide an income tax deduction for the amount of income subjected to Social Security taxes.

Introduced Version:

The bill would allow taxpayers age 65 or older who are still working to deduct their wages or self-employment income (as those terms are defined under the Internal Revenue Code) from adjusted gross income for purposes of calculating Nebraska income tax. The deduction applies only to the extent such wages or income were subjected to "old-age, survivors and disability insurance" tax, or what is commonly referred to as the social security tax, and to the extent such income or wages were included in federal adjusted gross income.

The bill is operative for taxable years beginning or deemed to begin on January 1, 2016.

Disposition at Sine Die:

LB 63 was not advanced from the committee and was indefinitely postponed with the end of the legislative session on April 20, 2016.

LB 69 (Schumacher) Provide an income tax credit for corporate income taxes paid

Introduced Version:

The bill provides a 100 percent nonrefundable credit of corporate income tax paid to the corporate taxpayer. However, the corporation must distribute one half of the credit to shareholders and the other half of the credit to employees, to be used against their own individual income tax liability. The bill then creates a nonrefundable credit for employees and shareholders of such corporations. Corporate taxpayers who participate in any Nebraska tax incentive program may not claim the credit.

The bill is operative for tax years beginning or deemed to begin on January 1, 2016.

Disposition at Sine Die:

LB 69 was not advanced from the committee and was indefinitely postponed with the end of the legislative session on April 20, 2016.

LB 75 (Schumacher) Adopt the Taxpayer Investment Program

Introduced Version:

The bill creates the Taxpayer Investment Program. The Program would allow taxpayers to make "advance tax payments" or "tax investments" that would accumulate interest at the rate specified in the bill. The taxpayer could then redeem the investment as a nonrefundable credit against taxes owed to the State after five years or upon reaching the age of 62, or upon death, whichever is earlier.

Credits may be transferred subject to certain conditions, including a 10 percent transfer fee to the State. Credits remaining unclaimed upon the death of the taxpayer would be applied first to any inheritance tax, then to reimburse any state aid paid under Chapter 68 (Public Assistance), then a ten percent transfer fee to the state and then to the heirs or devisees of the decedent.

Credits must be claimed on a first paid, first claimed basis. The State may redeem any outstanding credits. Credits expire unless claimed within 20 years of the underlying payment.

The bill contains a severability clause and repeals relevant sections.

Disposition at Sine Die:

LB 75 was not advanced from the committee and was indefinitely postponed with the end of the legislative session on April 20, 2016.

LB 165 (Lindstrom) Change income tax provisions relating to Social Security benefits

Introduced Version:

The bill would exempt social security income using a five-year phased-in approach. For taxable years beginning or deemed to begin on or after January 1, 2015, such income would be deducted from adjusted gross income as follows:

Tax Year 2015	20 percent
Tax Year 2016	40 percent
Tax Year 2017	60 percent
Tax Year 2018	80 percent
Tax Year 2019	100 percent

There are no caps or limitations on which taxpayers may claim the deduction.

The effective date as printed is January 1, 2015.

Disposition at Sine Die:

LB 165 was not advanced from the committee and was indefinitely postponed with the end of the legislative session on April 20, 2016.

LB 218 (Hadley) Correct references to a federal act in income tax provisions

Introduced Version:

LB 218 would amend Section 77-2716 to correct references to the federal Jobs and Growth Tax Act by adding the term "Relief Reconciliation."

Disposition at Sine Die:

LB 218 was advanced from the committee but was indefinitely postponed with the end of the legislative session on April 20, 2016.

LB 228 (Watermeier) Change the Corporate income tax rate

Introduced Version:

The bill lowers the marginal tax rates under the corporate income tax. Under current law, the first $100,000 of taxable income is taxed at the rate of 5.58percent and at the rate of 7.81percent for taxable income in excess of $100,000. The bill would adjust the rates to 5.01percent and 6.84percent, respectfully.

The bill is operative for tax years beginning or deemed to begin on January 1, 2016.

Disposition at Sine Die:

LB 228 was not advanced from the committee and was indefinitely postponed with the end of the legislative session on April 20, 2016.

LB 267 (Crawford) Change the income tax exemption for military retirement income

Introduced Version:

The bill provides two alternative methods for exempting military retirement benefits. A taxpayer may choose one or the other, but may not utilize both methods.

Under alternative one, a taxpayer may claim a dollar-for-dollar deduction for military retirement income against other income taxable in Nebraska. The deduction is capped at $60,000 for taxpayers married filing joint and $30,000 for all other taxpayers. Further, if the taxpayers' federal adjusted gross income exceeds $120,000 for those married filing joint ($60,000 for all other filers) the maximum deduction is reduced by the amount of income in excess of these thresholds. This deduction is available for 15 consecutive tax years and there is no age limit on who may claim the deduction.

Alternative two is available only to those taxpayers who are at least 62 years of age in the first tax year they claim this deduction. Such taxpayers may elect to deduct all military retirement income or a total of $10,000, whichever is less. Adjusted gross income for taxpayers married filing joint may not exceed $58,000 and $43,000 for all other taxpayers.

The bill is operative for taxable years beginning or deemed to begin on January 1, 2015.

Disposition at Sine Die:

LB 267 was not advanced from the committee and was indefinitely postponed with the end of the legislative session on April 20, 2016.

LB 357 (Smith) Change income tax rates and transfer funds from the Cash Reserve Fund

Introduced Version:

The bill reduces the marginal tax rates for the four brackets under the individual income tax (including estates and trusts) and under the corporation income tax. The reductions commence for taxable years beginning or deemed to begin on or after January 1, 2016 and for the individual income tax are implemented in phases as follow

Tax Years 2016, 2017, 2018

	Current Marginal Rate	New Marginal Rate
Bracket 1	2.46percent	2.25percent
Bracket 2	3.51percent	3.5percent
Bracket 3	5.01percent	5.00percent
Bracket 4	6.84percent	6.69percent

Tax Year 2019

	Current Marginal Rate	New Marginal Rate
Bracket 1	2.46percent	2.04percent
Bracket 2	3.51percent	3.5percent
Bracket 3	5.01percent	5.00percent
Bracket 4	6.84percent	6.54percent

Tax Year 2020

	Current Marginal Rate	New Marginal Rate
Bracket 1	2.46percent	1.84percent
Bracket 2	3.51percent	3.5percent
Bracket 3	5.01percent	5.00percent
Bracket 4	6.84percent	6.38percent

Tax Year 2021

	Current Marginal Rate	New Marginal Rate
Bracket 1	2.46percent	1.62percent
Bracket 2	3.51percent	3.5percent
Bracket 3	5.01percent	5.00percent
Bracket 4	6.84percent	6.24percent

Tax Year 2022

	Current Marginal Rate	New Marginal Rate
Bracket 1	2.46percent	1.43percent
Bracket 2	3.51percent	3.5percent
Bracket 3	5.01percent	5.00percent
Bracket 4	6.84percent	6.08percent

Tax Year 2023

	Current Marginal Rate	New Marginal Rate
Bracket 1	2.46percent	1.23percent
Bracket 2	3.51percent	3.5percent
Bracket 3	5.01percent	5.00percent
Bracket 4	6.84percent	5.92percent

For taxable years beginning or deemed to begin on or after January 1, 2024, the Tax Commissioner is to set the rates by reducing them by fifteen-hundredths percent (0.15percent) "If actual General Fund receipts for the most recently completed fiscal year exceed estimated General Fund net receipts for such fiscal year as determined under subsection (2) of section 77-4602."

The marginal rates would not be allowed to go below 0percent for bracket one, 3.5percent for bracket two, and 5.0percent for brackets three and four. The brackets would not be indexed for inflation for tax years 2016 through 2023 but would be indexed for tax years 2024 and forward in a manner as currently provided for under §77-2715.03(3)(a)-(b).

The corporation income tax rates would be reduced commencing with taxable years beginning or deemed to begin on or after January 1, 2016 and would be phased in as follows:

	Bracket 1	Bracket 2
Current Rates	5.58percent	7.81percent
Tax Year 2016, 2017, 2018	5.41percent	7.58percent
Tax Year 2019	5.23percent	7.35percent
Tax Year 2020	5.07percent	7.11percent
Tax Year 2021	4.90percent	6.89percent
Tax Year 2022	4.72percent	6.65percent
Tax Year 2023	4.54percent	6.41percent

For taxable years beginning or deemed to begin on or after January 1, 2024, the Tax Commissioner would be required to adjust the rates in the same manner as provided for the individual income tax. The marginal corporate rates would not be allowed to go below 3.5percent and 5.0percent, respectively.

The bill does not adjust the existing income levels within the brackets for either individual or corporate income taxes.

The bill provides for transfers of $20 million and $60 million by June 30, 2016 and June 30, 2017, respectively, from the Cash Reserve Fund to the General Fund. Further, it provides for transfers of $40 million each by December 15, 2015 and 2016, respectively, from the Cash Reserve Fund to the Property Tax Credit Cash Fund.

Disposition at Sine Die:

LB 357 was not advanced from the committee and was indefinitely postponed with the end of the legislative session on April 20, 2016.

LB 454 (Garrett) Change provisions relating to the taxation of military retirement benefits

Introduced Version:

The bill excludes all military retirement benefits from federal AGI for tax years beginning or deemed to begin on January 1, 2016. The exclusion is capped at $48,000 for married filing joint taxpayers if both filers are receiving such benefits and at $24,000 for any other return. "Military retirement benefits" are defined to apply only to uniformed personnel.

Note: The bill repeals the language allowing the partial military retirement exclusion that was previously adopted for tax years beginning or deemed to begin on January 1, 2015. Thus it would appear that no military benefits may be excluded for that tax year.

Disposition at Sine Die:

LB 454 was not advanced from the committee and was indefinitely postponed with the end of the legislative session on April 20, 2016.

LB 523 (Sullivan) Change income tax rates and state intent relating to funding public education

Introduced Version:

The bill increases the marginal tax rates for the four brackets under the individual income tax (including estates and trusts) and the two brackets under the corporation income tax. The increases commence for taxable years beginning or deemed to begin on or after January 1, 2016 as follows:

Individual Income Tax

	Current Marginal Rate	New Marginal Rate
Bracket 1	2.46percent	2.56percent
Bracket 2	3.51percent	3.65percent
Bracket 3	5.01percent	5.21percent
Bracket 4	6.84percent	7.11percent

Corporation Income Tax

	Bracket 1	Bracket 2
Current Rates	5.58percent	7.81percent
New Rates	5.80percent	8.12percent

The bill does not adjust the existing income levels within the brackets for either individual or corporate income taxes. It states that the intent of the legislature is to increase rates to facilitate "increasing state support for public education for the purpose of shifting some of the tax burden for education from property taxes to income taxes."

Disposition at Sine Die:

LB 523 was not advanced from the committee and was indefinitely postponed with the end of the legislative session on April 20, 2016.

LB 591 (Bolz) Create the achieve a better life experience program and provide for adjustments to taxable income

Introduced Version:

The bill creates the achieving a better life experience program (ABLE). One or more persons may contribute to an account to meet the qualified disability expenses of the designated beneficiary. The beneficiary is a person with a disability who is an eligible individual as defined under I.R.C. §529A and is a resident of the state. The program is to be created and administered by the State Treasurer in a manner similar to the Nebraska Educational Savings Plan

The tax benefits are identical to those allowed under the Nebraska Educational Savings Plan, thereby allowing a deduction for contributions to an ABLE account, not to exceed $5,000 for married filing separate returns or $10,000 for all other returns. Interest and earnings on the account are also deductible, to the extent included in federal AGI or for corporation, federal taxable income.

The bill does not set an operative date.

Committee Amendments: **Adopted**

AM 627 adds the necessary authority for the state treasurer to create and administer the ABLE program. It also clarifies terms defined under the program and adds an emergency clause so that the bill becomes effective when passed and approved.

Disposition at Sine Die:

AM 1682 was adopted, which limits the availability of this and other income tax credits, both refundable and nonrefundable, to those circumstances where the credit would still be available after adding back any carryforward of a net operating loss.

AM 1352 requires the Treasurer to either establish the program or to contract with another state that has established such a program. Other state residents are allowed to participate if Nebraska establishes the program and money is appropriated from the Treasury Management Cash Fund for such purposes. The State Treasurer and any designated administrator are to provide investment options except that the state investment officer has a fiduciary responsibility to make all decisions regarding the investment of the money in the expense fund and program fund. Contributions are limited to cash.

LB 591 was advanced from the committee to General File as amended with 7 ayes and 1 present not voting. LB 591 was passed on Final Reading with the Emergency Clause 47-0-2, and approved by the Governor on May 27, 2015.

LB 614 (Kintner) Change provisions relating to the taxation of military retirement benefits

Introduced Version:

The bill phases in an exclusion for military retirement benefits from federal AGI over a three year period, beginning with tax years beginning or deemed to begin on January 1, 2015. The exclusion is $11,000 for each "individual included in the tax return" the first tax year, $22,000 the second tax year and $33,000 the third tax year. "Military retirement benefits" are defined to apply only to uniformed personnel.

Disposition at Sine Die:

LB 614 was not advanced from the committee and was indefinitely postponed with the end of the legislative session on April 20, 2016.

LB 749 (Lindstrom) Change an income tax exemption relating to social security benefits

Introduced Version:

Beginning with tax year 2016, a percentage of the benefits received under the Social Security Act which are included in federal adjusted gross income (FAGI) shall be subtracted from federal adjusted gross income.

Married Filing Jointly

	Percentage to be Subtracted
FAGI < percent75,000	100
$75,000 = FAGI < $80,000	80
$80,000 = FAGI < $85,000	60
$85,000 = FAGI < $90,000	40
$90,000 = FAGI < $95,000	20

All Other Filers

	Percentage to be Subtracted
FAGI < $60,000	100
$60,000 = FAGI < $65,000	80
$65,000 = FAGI < $70,000	60
$70,000 = FAGI < $75,000	40
$75,000 = FAGI < $80,000	20

Disposition at Sine Die:

LB 749 was not advanced from the committee and was indefinitely postponed with the end of the legislative session on April 20, 2016.

LB 763 (Garrett) Adopt the Nebraska is Honoring Our Military Exemption Act and provide an income tax exemption

Introduced Version:

The bill allows an exemption for income from active duty military pay. Nebraska allows an exclusion only for combat zone pay as defined by the Internal Revenue Code.

The bill provides that a person "whose home of record is Nebraska and whose state of legal residence commencing on or after January 1, 2017 is a state other than Nebraska may reacquire legal residence in this state" and thereby exclude their active duty military pay from tax.

Nebraska law conforms to the federal Service Members Civil Relief Act which allows such income to be taxed only by the state of legal residence. Nebraska law provides that your state of legal residence remains unchanged at the time of entry into the military until the person affirmatively changes their legal residence or "domicile."

Disposition at Sine Die:

LB 763 was not advanced from the committee and was indefinitely postponed with the end of the legislative session on April 20, 2016.

LB 913 (Smith) Adopt the Facilitating Business Rapid Response to State Declared Disasters Act

Introduced Version:

The bill provides an exclusion from registration and payment of taxes for nonresident individuals and non-Nebraska businesses who are temporarily in the state for the purpose of restoring infrastructure that has been damaged as a result of declared state disaster or emergency or a presidentially declared major disaster or emergency.

Infrastructure is defined to include:

- Public utility property and equipment;
- Communications networks, broadband and Internet;
- Cable and video services;
- Real and personal property such as buildings, offices, power lines, cable lines, poles, communication lines, pipes, structures and equipment.

The exemption is limited to the "disaster period" as defined in the bill.

The exemption would apply for most taxes, except sales tax on purchases made in the state. Such business are required to notify the Department of Revenue that they are doing business in the state within 10 days of commencing activities under an approved declaration.

If the individual or business remains in the state after the end of the disaster period they become subject to all relevant registration and tax laws.

Committee Amendment: Adopted

AM 2374 becomes the bill. It clarifies that the term "infrastructure" refers only to entities specified in the bill. It clarifies that sales, use and ad valorem taxes do not apply to equipment brought into the state for use during the disaster period. It adds the word "natural" before "gas distribution system." It clarifies that an "out of state employee" means a nonresident individual. It adds "or rendering services or other business" to the list of exempt activities.

Disposition at Sine Die:

LB 913 was unanimously advanced to General File as amended. LB 913 was passed on Final Reading, 47-0-2, and was approved by the Governor on April 7, 2016.

LB 936 (Ebke) Change inheritance tax rates and exemption amounts

Introduced Version:

The inheritance tax in Nebraska is administered by the county court of the county in which the decedent resided or in which real or personal property is located. The tax is levied as a percentage of the clear market value of the property, including proceeds of insurance, transferred by will or by the intestate laws. The rate is determined by the identity of the beneficiary.

Interests passing to the surviving spouse are not subject to inheritance tax. Other immediate family members pay 1percent of the clear market value, with an exemption for the first $40,000 of property. Other relatives pay 13percent with an exemption of $15,000 and unrelated parties pay 18percent with an exemption of $10,000.

The bill would apply a uniform rate of 1percent for all parties with an exemption of $100,000. Interests passing to the surviving spouse would remain exempt.

All inheritance tax is credited to the county general fund or to any other fund of the county selected by the county board.

Disposition at Sine Die:

LB 936 was not advanced from the committee and was indefinitely postponed with the end of the legislative session on April 20, 2016.

Property Tax

LB 71 (Schumacher) Adopt the Agricultural Property Tax Credit Act

Introduced Version:

This bill would provide a property tax credit for owners of agricultural and horticultural lands through the Agricultural Property Tax Credit Act.

A seven percent tax on the excessive sales price of agricultural and horticultural lands will be paid by the purchaser. The monies generated through this tax would be credited to the Agricultural Property Tax Relief Fund. Excessive sales price is defined as the difference of the sales price of the agricultural and horticultural land and the inflation-adjusted value of the land.

The process for the flow of the monies is:

- Agricultural and/or horticultural land is purchased
- Purchaser pays a 7percent tax to the county register of deeds
- County register of deeds remits funds to State Treasurer
- State Treasurer credits monies to Agricultural Property Tax Relief Fund
- State Treasurer remits monies back to county in two payments --January 31 and April 1
- County Treasurer allocates monies to each taxing unit based on proportion of the taxing unit levy to the total levy
    - Taxing unit must levy taxes on agricultural and horticultural land to receive monies from State Treasurer

Disposition at Sine Die:

LB 71 was not advanced from the committee and was indefinitely postponed with the end of the legislative session on April 20, 2016.

LB 76 (Schumacher) Change provisions relating to the earned income tax credit and the homestead exemption

Introduced Version:

For tax years beginning on or after January 1, 2016, the 10 percent earned income tax credit shall only be allowed if the individual would have received the earned income tax credit after adding back any carryforward of a net operating loss that was deducted in determining the eligibility for the credit.

The carryforward of a net operating loss deducted for federal income tax purposes is added to the definition of household income used to determine the eligibility for homestead exemption.

Disposition at Sine Die:

LB 76 was unanimously advanced by the committee to General File. LB 76 was indefinitely postponed with the end of the legislative session on April 20, 2016. However, the relevant provisions were enacted with LB 591 (Bolz, 2015) by AM 1682.

LB 178 (Watermeier) Change valuation of agricultural land and horticultural land

Introduced Version:

This bill would decrease the value of agricultural and horticultural land for school district taxation purposes only by 5percent. It would also change the acceptable range of taxation of agricultural and horticultural land and the percentage value of agricultural and horticultural land for TEEOSA Aid (state aid) purposes by five percent. Please refer to the table for the current percentages and the decreasing percentages in each of the categories.

The operative date of the act is January 1, 2016.

LB 178		**Current Law**	**LB 178**	**Current Law**	**LB 178**	**Current Law**
Tax Year	School District Taxation Percentages	School District Taxation Percentage	Range	Range	TEEOSA Aid Purposes	TEEOSA Aid Purposes
2016	70%	75%	64% to 70 %	69% to 75%	67%	72%
2017	65%		59% to 65%		62%	
2018	60%		54% to 60%		57%	
2019 & after	55%		49% to 55%		52%	

Disposition at Sine Die:

LB 178 was not advanced from the committee and was indefinitely postponed with the end of the legislative session on April 20, 2016.

LB 186 (Bolz) Adopt the Property Tax Circuit Breaker Act

Introduced Version:

This bill will create the Property Tax Circuit Breaker Act. The Act will provide a refundable tax credit to homeowners and renters. Eligibility and the amount of the income tax credit will be determined by the Department of Revenue based on information provided by the taxpayer. Eligibility requires the taxpayer to have resided at the property described in their application for the credit for at least six months during the tax year. After the Department of Revenue has determined eligibility and the amount of the credit, they shall issue the taxpayer a certificate stating the amount of the credit. To claim the credit, the taxpayer shall attach the certificate to a form developed by the Department.

The determination of the amount of the credit is shown below:

- Maximum Credit of $1,200
    - If 1percent of AGI is less than or equal to $6,000 for married filing jointly or $3,000 for any other return.
- Maximum Credit of $900
    - If 2percent of AGI is greater than $6,000 and less than or equal to $36,000 for married filing jointly or greater than $3,000 and less than or equal to $18,000 for any other returns
- Maximum Credit of $600
    - If 3percent of AGI is greater than $36,000 and less than or equal to $58,000 for married filing jointly or greater than $18,000 and less than or equal to $29,000 for any other return.
- Maximum Credit of $300
    - If 4percent of AGI is greater than $58,000 and less than or equal of $116,000 for married filing jointly or greater than $29,000 and less than or equal to $58,000 for any other return.

A taxpayer renting property from a tax-exempt charitable organization or other entity exempt from paying property taxes is not eligible to receive this income tax credit.

The Department of Revenue may adopt and promulgate rules and regulations to carry out the Act. The Act becomes operative for all taxable years beginning, or deemed to begin, on or after January 1, 2016, under the Internal Revenue Code of 1986, as amended.

<u>Disposition at Sine Die:</u>

LB 186 was not advanced from the committee and was indefinitely postponed with the end of the legislative session on April 20, 2016.

<u>LB 210 (Ebke) Change provisions relating to housing agencies and taxation of mixed-use developments</u>

<u>Introduced Version:</u>

This bill pertains to the taxation of market-rate units. The bill creates a definition of market-rate unit to be "[A] dwelling unit in a mixed-income development that is not designated for occupancy only by persons of eligible income or that is not available at a reduced rent to persons of eligible income."

A mixed-income development is a housing development intended to be occupied by persons of eligible income and by other persons. If such other persons are living in the development their income at initial occupancy is not to exceed 100percent of the median income in the county in which the development is located.

Section 71-1590 is amended to provide that market-rate dwelling units and units occupied by persons who are not income eligible in a property owned by a local housing agency are taxed at market value and that market-rate units in a mixed-income development are not used for a public purpose.

The bill has an operative date of January 1, 2016

Disposition at Sine Die:

LB 210 was not advanced from the committee and was indefinitely postponed with the end of the legislative session on April 20, 2016.

LB 217 (Hadley) Revise statute relating to premium taxes

Introduced Version:

This bill makes a technical change to Section 77-918 relating to insurance premium tax by creating five sections to the existing language.

Disposition at Sine Die:

LB 217 was unanimously advanced from the committee and on Select File, however it was indefinitely postponed with the end of the legislative session on April 20, 2016.

LB 230 (Mello) Change provisions relating to partition actions

Introduced Version:

This bill would allow a joint owner the grantee or holder with less than 100percent ownership of a treasurer's tax deed that was acquired prior to January 1, 2015 the right to partition real estate or mineral rights.

The bill also provides that in the case of a partition action by the grantee who forecloses the lien for taxes, if the share payable to the holder of the tax sale certificate is not sufficient to pay in full the lien, then the proceeds of the sale of real estate, after payment of costs, shall be first paid to the holder of the tax deed or tax sale certificate in full satisfaction of the holder share.

Committee Amendments: Pending

AM 752 clarifies that the holder of a treasurer's tax deed or tax sale certificate may only recover the amount paid for the certificate including accrued interest and costs incurred by the holder in an action for partition.

Disposition at Sine Die:

LB 230 was advanced from committee to General File as amended with 6 ayes and 2 nays. However, LB 230 was indefinitely postponed with the end of the legislative session on April 20, 2016.

LB 256 (Bloomfield) Change the sales tax rate and the distribution of sales tax revenue

Introduced Version:

This bill would raise the sales tax rate from 5.5 percent to 6 percent on October 1, 2015.

For transactions occurring on or after October 1, 2015, proceeds from one-half of one percent of the sales tax rate would be credited to the Property Tax Credit Cash Fund.

Not included in this requirement are: sales and use taxes derived from the sale or lease of motorboats, personal watercraft, all-terrain vehicles, utility-type vehicles, motor vehicles, trailers, and semitrailers.

Disposition at Sine Die:

LB 256 was not advanced from the committee and was indefinitely postponed with the end of the legislative session on April 20, 2016.

LB 259 (Gloor) Adopt the Personal Property Tax Relief Act and provide and change tax exemptions and taxation of personal property

Introduced Version:

This bill would create the Personal Property Tax Relief Act. The Act would exempt the first $25,000 of value of depreciable tangible personal property from the personal property tax. The exemption applies to each taxpayer filing a return.

An annual application process is required to receive the exemption. The county will certify the amount exempted to the State. The State will reimburse the county and the county reimburses each taxing agency.

The bill has an operative date of January 1, 2016.

Committee Amendments: Adopted

AM 824 reduces the exclusion from the first $25,000 of value to the first $10,000 of value. In addition, the amendment creates a compensating exemption factor for companies that are centrally assessed by the state to be used in determining the tax exemption for those companies. The factor is a fraction of which the numerator is the total amount of locally assessed tangible personal property less the total amount of exemption allowed and the denominator is the value of locally assessed tangible personal property. The taxable amount for each centrally assessed company is the result of multiplying each such company's tangible personal property subject to the tax by the compensating exemption factor.

Disposition at Sine Die:

LB 259 was advanced by the committee to General File as amended with 5 ayes, 1 nay and 2 present not voting. LB 259 was passed on Final Reading, 47-0-2, and was approved by the Governor on May 27, 2015.

LB 277 (B. Harr) Change tax deed lien priority

Introduced Version:

All special assessments regularly levied are a perpetual lien on the real estate assessed from the date of levy until paid. This bill would specifically include special assessments levied by a sanitary improvement district against real property that has not previously been offered for sale will remain subject to any lien on property sold by a county treasurer.

Disposition at Sine Die:

LB 277 was unanimously advanced by the committee to General File. LB 277 was passed on Final Reading, 48-0-1, and was approved by the Governor on May 26, 2015.

LB 280 (Davis) Authorize a school-funding surtax and reduce the levy authority of school districts and learning communities

Introduced Version:

Local Income Tax

This bill would create a local income tax of 19.4percent that would be imposed on residents, partial-year residents and non-resident taxpayers. The local income tax imposed on a resident taxpayer would be payable to a school district. For non-residents, the local income tax would be payable to the state. The local income tax would be collected at the same time as state individual income tax. The Tax Commissioner would distribute the monies to school districts on or before July 1.

A school board may choose to increase the local income tax up to 29.9percent through a super-majority vote of the board or by a resolution to put the issue before its registered voters.

School districts will notify the Tax Commissioner by August 1 of the local income rate. Schools are to consider the receipts from the local income tax in setting their property tax levies.

Statutory Maximum Levy

The bill would reduce the statutory maximum levy from $1.05 per $100 of assessed valuation. The reduced levies are shown below:

Fiscal Year	Statutory Maximum Levy (Per $100 of Assessed Valuation)
2015/16	$1.05
2016/17	$1.05
2017/18	$0.95
2018/19	$0.90
2019/20	$0.85
2020/21 and thereafter	$0.805

TEEOSA

The bill provides for foundation aid, which is an amount equal to $500 per formula student that would be paid to every school district. Formula students are students educated by the school district either at the school district or as a contract student at another school district.

The bill reduces the local effort rate (LER) from $1.00 to $0.755 per $100 of adjusted valuation. The LER determines the resource known as the yield from local effort rate. The bill would reduce the percentage of adjusted valuation for agricultural and horticultural land from 72percent of actual value to 62.4percent of actual value. Reducing this valuation in combination with the reduction of the LER will reduce the resources of all schools and will increase the equalization aid that will be paid through TEEOSA.

The bill contains the Emergency Clause.

Disposition at Sine Die:

LB 280 was not advanced from the committee and was indefinitely postponed with the end of the legislative session on April 20, 2016.

LB 293 (Schnoor) Change valuation of agricultural land and horticultural land

Introduced Version:

This bill would value agricultural and horticultural at 65 percent of market value for taxation purposes.

The operative date of this bill would be on January 1, 2016.

Disposition at Sine Die:

LB 293 was not advanced from the committee and was indefinitely postponed with the end of the legislative session on April 20, 2016.

LB 325 (Davis) Change levy provisions for rural and suburban fire protection districts

Introduced Version:

Rural and suburban fire districts may levy a maximum of $0.105 if the fire district is located in a county that had a levy of at least $0.40 in the previous year or the county did not authorize a levy for the fire district in the previous year.

The proceeds from the levy will be credited to a sinking fund. The sinking fund will be used for purchasing firefighting and rescue equipment or apparatus, for the acquisition of any land, construction, and for the payment of principal and interest on outstanding indebtedness.

This bill contains an operative date of July 1, 2016.

Disposition at Sine Die:

LB 325 was unanimously advanced from the committee to General File. LB 325 passed on Final Reading, 40-2-7, and was approved by the Governor May 27, 2015.

LB 345 (Kolowski) Adopt the Property Tax Relief Act

Introduced Version:

This bill will create another homestead exemption program through the Property Tax Relief Act. Beginning with tax year 2016 all homesteads shall be assessed for taxation the same as other property except the first $8,000 of value will be exempt from property taxes.

The application for this exemption is a one-time filing. The state reimbursement to the county and distribution of the monies by the county follows the current process used for the homestead exemption program.

The homestead exemption provided by this bill is in addition to any homestead exemption grated under sections 77-3501 to 77-3529.

Disposition at Sine Die:

LB 345 was not advanced from the committee and was indefinitely postponed with the end of the legislative session on April 20, 2016.

LB 350 (Brasch) Change valuation of agricultural land and horticultural land

Introduced Version:

This bill would value agricultural and horticultural at 65 percent of market value for taxation purposes.

The operative date of this bill would be on January 1, 2016.

Disposition at Sine Die:

LB 350 was not advanced from the committee and was indefinitely postponed with the end of the legislative session on April 20, 2016.

LB 356 (B. Harr) Change provisions relating to the assessment of certain rent-restricted housing projects

Introduced Version:

This bill would require the use of the income approach as the mass appraisal method for rent-restricted housing projects. A rent-restricted housing project is defined as a project consisting of five or more houses or residential units financed in whole, or in part, with an allocation of the federal low-income housing tax credits.

A four member Rent-Restricted Housing Projects Valuation Committee (Committee) would be created within the Department of Revenue. The purpose of the Committee would be to develop the market-derived capitalization rate to be used by county assessors in determining the assessed valuation for rent-restricted housing project.

A county assessor may appeal to the county board if he/she feels the income-approach calculation does not result in a valuation of a rent-restricted housing project to be actual value. If the county board agrees it may petition the Tax Equalization and Review Commission ("TERC") for another professionally accepted mass appraisal technique.

The Tax Commissioner may ask TERC to adjust the capitalization rate set by the Committee, if he/she feels the capitalization rate will not result in a valuation at actual value.

Committee Amendments: Adopted

AM 803 allows other generally accepted techniques to be used to determine the capitalization rate.

Disposition at Sine Die:

LB 356 was a unanimously advanced from the committee to General File. LB 356 passed on Final Reading, 45-0-4, and was approved by the Governor on April 13, 2015.

LB 361 (B. Harr) Clarify that certain assessments levied as prescribed are levied and collected as special assessments

Introduced Version:

This bill would clarify language on special assessments that will allow NRD's, SID's, sanitary drainage districts, special improvement districts, counties, cites of all classes and villages to levy for improvements made by the political subdivisions to benefit individual properties.

Disposition at Sine Die:

LB 361 was unanimously advanced from the committee to General File. LB 361 passed on Final Reading, 49-0-0, and was approved by the Governor on May 27, 2015.

LB 384 (Lindstrom) Provide for reclassification of agricultural land and horticultural land

Introduced Version:

This bill would allow the owner of agricultural and horticultural land that is classified as cropland to apply to the county assessor to have up to 30 acres per quarter section reclassified as pasture or rangeland for property tax purposes.

To qualify for the reclassification of the property, the owner agrees to plant perennial cover on the property and the property must have been classified as cropland for at least three of the last five years.

The owner must reapply every year and continue to show eligibility for the reclassification.

The operative date of this bill would be on January 1, 2016.

Disposition at Sine Die:

LB 384 was not advanced from the committee and was indefinitely postponed with the end of the legislative session on April 20, 2016.

LB 398 (B. Harr) Exempt all tangible personal property from property tax

Introduced Version:

This bill would exempt all tangible personal property from property taxes beginning January 1, 2017.

Disposition at Sine Die:

LB 398 was not advanced from the committee and was indefinitely postponed with the end of the legislative session on April 20, 2016.

LB 414 (B. Harr) Provide a property tax exemption for fraternal benefit societies

Introduced Version:

This bill would exempt all property owned by a fraternal benefit society from property taxes.

This bill contains an operative date of January 1, 2016.

Disposition at Sine Die:

LB 414 was advanced from the committee to General File with 5 ayes, 2 nays and 1 present not voting. LB 414 was passed on Final Reading, 33-13-3, and was approved by the Governor on May 13, 2015.

LB 424 (Davis) Change provisions relating to the nameplate capacity tax

Introduced Version:

This bill redefines “wind turbine” to “renewable energy generation facility” and adds “solar, biomass, or landfill gas” as the fuel source for generating electricity. The excise tax that is currently applied to wind energy generation facilities would now be applied to any facility that generates energy using other renewable sources.

Any depreciable tangible personal property used in generating electricity using solar, biomass, or landfill gas as the fuel source shall be exempt from property taxes, if installed after January 1, 2016 and has a nameplate capacity of 100 kilowatts or more.

The bill contains an operative date of January 1, 2016.

Disposition at Sine Die:

LB 424 was unanimously advanced from committee to General File. LB 424 passed on Final Reading, 47-0-2, and was approved by the Governor May 26, 2015.

LB 428 (Garrett) Provide an exemption from motor vehicle taxation for certain veterans

Introduced Version:

This bill would allow veterans to exempt one vehicle from the motor vehicle tax. There is an annual application for this exemption. The state will reimburse the county for the amount of motor vehicle taxes lost through the exemption.

Committee Amendment:

AM 733 strikes the exemption for an un-remarried surviving spouse.

Disposition at Sine Die:

LB 428 was advanced to General File as amended with 6 ayes and 2 nays. However, LB 428 was indefinitely postponed with the end of the legislative session on April 20, 2016.

LB 476 (Davis) Provide duties for county assessors and the Property Tax Administrator relating to tax-exempt real property

Introduced Version:

This bill would require county assessors to provide a market value assessment for all property-tax exempt parcels on or before December 1 of each year. The county assessors would file the information with the Property Tax Administrator.

The Property Tax Administrator shall prepare a report listing each parcel, the estimated market value and a breakdown of the parcels by county, city, village, and school district. The Property Tax Administrator shall file an electronic copy of this report with the Clerk of the Legislature on or before December 31 of each year.

Disposition at Sine Die:

LB 476 was not advanced from the committee and was indefinitely postponed with the end of the legislative session on April 20, 2016.

LB 521 (Sullivan) Change provisions documenting eligibility relating to free and reduced-price school meals

Introduced Version:

Property Tax Statements

Beginning with tax year 2016, the portion of the tax statements issued by the county treasurer relating to school districts will include a separate levy rate and the amount of the taxes due for each levy. The Property Tax Administrator will include a brief description of each type of levy. The tax statements will also include the property tax credit rate and amount of property tax credit relief calculated by the Department of Education.

Statutory Maximum Levy

For school fiscal year 2016-2017 and each year thereafter, the statutory maximum levy for school districts will be $1.05 per $100 of assessed valuation minus the property tax credit rate.

Property Tax Credit Cash Fund

This bill would restructure the use of the Property Tax Credit Cash Fund. Beginning with school fiscal year 2016-2017, the money in the Property Tax Credit Cash Fund would be allocated to public school districts. The county treasurer will be required to determine the amount of property tax credit relief for each school district that will be printed on the property tax statement.

Each school district shall receive property tax credit funds based on the property tax credit rate multiplied by the school district's adjusted valuation. The Property Tax Credit Funds for each school would equal the property tax credit rate multiplied by the school district's adjusted valuation.

Tax Equity and Educational Opportunities Support Act

Local Effort Rate: The local effort rate is currently set at $1.00 for school fiscal year 2015-2016. This bill would set the local effort rate to be $1.05 minus the property tax credit rate minus $0.10. A decrease in the local effort rate increases the amount of equalization aid provided to school districts.

Allocated Income Taxes: The bill would provide for 10percent of the aggregate statewide income tax liability of all resident individuals for the prior year to be included in the formula as allocated income taxes. Each school district's allocated income tax funds will be provided as student support aid. The student support aid will be calculated using a per student factor based on 10percent of the prior year statewide income tax liability for resident individuals divided by the number of formula students.

The current amount to be included as a resource for allocated income taxes and net option funding in the TEEOSA formula is currently capped at $102,289,817. Using 10percent of the income tax liability for student support aid rather than the capped amount, will increase overall state aid. Since allocated income taxes are included as a resource in the formula, the change will only impact school districts not currently receiving equalization aid.

Property Tax Credit Aid: Each school district will receive aid calculated by multiplying the property tax credit rate by the school district's adjusted valuation.

Minimum Levy Adjustment and Non-equalized Minimum Levy Adjustment: The minimum levy adjustment and the non-equalized minimum levy adjusted are eliminated beginning in school fiscal year 2016-2017. The current minimum levy adjustment reduces resources for school districts that do not levy at least $.10 less than the required maximum levy ($.05 for learning communities).

Eliminating the minimum levy adjustment will increase resources for equalized school districts that do not levy the required amount. Deletion of the reduction in allocated income taxes for non-equalized schools which do not levy the minimum required amount may increase aid to these districts.

Allowances: Beginning in FY2016-17 and each year thereafter, 50percent of the following allowances calculated for a school district will be paid as direct aid: summer school allowance; focus school and program allowance; poverty allowance; limited English proficiency allowance; transportation allowance; distance education and telecommunications allowance; and, elementary site allowance.

Allowances are currently included for each school district as part of the needs calculation. Districts that do not receive equalization aid because their resources are greater than their needs do not benefit from allowances. The bill provides direct aid to school districts for 50percent of the allowed expenditures and this aid increase will only go to non-equalized school districts.

Net Option Funding: The bill changes the calculation of net option funding for school districts beginning in school fiscal year 2016-2017. Currently, net option funding is based upon the number of net option students times the statewide average basic funding per formula student. The bill provides that the basic funding per formula student used in the calculation shall be reduced by the amount received per student from state apportionment and income taxes.

State Apportionment Funding: The bill provides for state apportionment funding (revenue from school lands) from the Temporary School Fund to be allocated through TEEOSA. School districts currently receive state apportionment proportionately based upon the census of all students (public and private) in their district. This bill would provide a per student allocation based upon formula students (not school-age census) in the district (public only). The funds are local resources in the formula.

Cash Reserve Fund Transfer: The bill also provides for a one-time transfer of funds from the state's Cash Reserve Fund to transition between methods for distributing state apportionment funds. On or before October 15, 2015, the State Treasurer is required to transfer an amount equal to 25percent of the state apportionment funds paid to schools in 2015 to the Temporary School Fund.

Averaging Adjustment: This bill would eliminate the requirements for a school district with at least 900 formula students to levy a certain amount in order to be eligible for the averaging adjustment. The averaging adjustment will be available to any school with at least 900 formula students and will be a per student factor based on 90percent of the difference of the averaging adjustment threshold and the school district's basic fund per formula student.

Learning Community Aid: The bill eliminates language requiring state aid for a learning community to be calculated as a whole rather than separately for school districts in a learning community.

Disposition at Sine Die:

LB 521 was not advanced from committee and was indefinitely postponed with the end of the legislative session on April 20, 2016.

LB 574 (Davis) Adopt the Intangible Personal Property Tax Act

Introduced Version:

This bill would impose a 1.5percent tax on all personal intangible property that would be equal to $1.50 per $100 of its fair market value. The bill includes a personal intangible property tax exemption not to exceed $150,000 for individual filers and not to exceed $350,000 for married couples filing jointly.

The bill defines intangible personal property and provides several exceptions to intangible personal property tax.

The Intangible Personal Property Tax Fund is created. Revenue generated by the intangible tax will be credited to this fund. The Legislature will use the monies to maintain school funding levels and to reduce the overall tax burden of real and personal property

The bill contains an operative date of January 1, 2016

Disposition at Sine Die:

LB 574 was Indefinitely Postponed with 7 ayes and 1 nay, by the Revenue Committee on March 19, 2015.

LB 615 (Kintner) Provide a property tax exemption for homesteads of certain persons

Introduced Version:

This bill creates another homestead exemption program. It will apply to any person 67 years of age or older who owns a home, purchases a home or constructs a home. The amount of the exemption is determined by the assessed value of the homestead for the current taxable year minus the assessed value of the homestead on either the date of purchase, the date of construction, the date when the person reaches 67 or the operative date of the Act.

Only one owner of jointly owned homesteads needs to qualify for the exemption. The exemption does not apply to substantial improvements to real property made after the person first qualifies for the exemption.

This homestead exemption is in addition to the homestead exemption under sections 77-3507, 77-3508, or 77-3509. All homestead amounts are added together and the property tax liability for a person may not be reduced below zero.

The operative date of the bill will be January 1, 2016.

Disposition at Sine Die:

LB 615 was not advanced from the committee and was indefinitely postponed with the end of the legislative session on April 20, 2016.

LB 717 (Groene) Change provisions relating to the assessment and valuation of real property

Introduced Version:

LB 717 freezes the assessed valuation for all classes of property at its assessed value on January 1, 2015.

The assessment process beginning on January 1, 2017 will be conducted using professionally accepted mass appraisals techniques. These techniques are, but not limited to:

- Sales comparison approach
- Income approach
- Cost approach

Actual value of real property will no longer be defined as "the market value of real property in the ordinary course of trade."

LB 717 will require the Tax Equalization and Review Commission (TERC) to determine an acceptable range for all classes of property using a five-year sales file that excludes the sales with the lowest 20percent of assessment ratios. Currently, a three-year sales file is used for commercial/industrial and agricultural/horticultural valuations and a two-year sales file is used for residential valuation.

This bill has an operative date of January 1, 2016 and the emergency clause.

Disposition at Sine Die:

LB 717 was not advanced from the committee and was indefinitely postponed with the end of the legislative session on April 20, 2016.

LB 777 (Gloor) Change provisions relating to partial payments for property taxes held in escrow

Introduced Version:

LB 777 requires County Assessors to accept partial payment of property taxes for both real and personal property. The procedures for accepting partial payments were implemented in 2000 with LB 1048. That bill was amended into another bill and the provisions were made permissive, allowing County Boards to act by resolution to allow partial payments.

This bill changes the permissive language and inserts a mandate. Counties are allowed to keep payments in escrow until enough is collected to pay half or all of the taxes due or all delinquencies. Counties are allowed to retain the interest earned on escrow funds.

Disposition at Sine Die:

LB 777 was not advanced from the committee and was indefinitely postponed with the end of the legislative session on April 20, 2016.

LB 825 (Davis) Provide reporting requirements for tax-exempt property

Introduced Version:

LB 825 establishes a process for collecting valuation information on tax-exempt property in each even-numbered year from individuals and business owners. The Department of Revenue will develop this data collection form. Each person required to file a report of tax-exempt property shall pay a reasonable fee, established by the county board, to defray the cost of collecting and reviewing this information.

Owners of tax-exempt property will file the form with the county assessor by April 1. The penalty for not filing the form by April 1 will be the cost to have the property appraised by the county assessor or by a person hired by the county assessor.

The owner of a trade or business will be notified by the county assessor if the form is not filed by April 1 and will have 30 days to file the form before a penalty for late filing is assessed. The penalty is $10 per day, not to exceed $500, for each day the form is not filed.

The county assessor will file the form with the Department of Revenue by July 1. The Department of Revenue will compile the information from the forms and include the information in the tax expenditure report.

Disposition at Sine Die:

LB 825 was not advanced from the committee and was indefinitely postponed with the end of the legislative session on April 20, 2016.

LB 940 (Johnson) Adopt the Tax Stabilization Act

Introduced Version:

LB 940 creates the Tax Stabilization Act. The stabilization period will begin on January 1, 2017 and end on December 31, 2019. If the Legislature passes property tax reform legislation during this time period, the stabilization period ends on December 31 following the passage of the reform legislation. Reform legislation is defined to mean a law passed by the Legislature than reduces the percentage property taxes used to fund public school districts.

The value of all real property will be frozen at its January 1, 2016 assessed value. The amount of monies available in the Property Tax Credit Fund shall be frozen at the 2016 amount.

If the state budget increases from the most recently completed fiscal year to the current fiscal year, a political subdivision that is not at its maximum levy may increase its levy by a percentage equal to the increase in the state budget. If the state budget decreases, political subdivisions not at their maximum levy shall decrease their levy by a percentage equal to the decrease in the state budget.

If reform legislation is not passed by December 31, 2019, the assessed value of all real property shall equal the 2016 assessed value increased by the percentage growth in the state budget from 2018-2019 to 2019-2020. Assessed valuation beginning on January 1, 2021 and each January 1 thereafter, shall equal the assessed valuation from the preceding year increased by the percentage growth in the state budget from the most recently completed fiscal year to the current fiscal year.

Disposition at Sine Die:

LB 940 was not advanced from the committee and was indefinitely postponed with the end of the legislative session on April 20, 2016.

LB 958 (Gloor at the Request of the Governor) Change provisions relating to property tax credits

Introduced Version:

LB 958 affects local governmental units and the valuation of agricultural and horticultural land. The intent of LB 958 is to slow down the increase in state-wide agricultural and horticultural land valuation and to slow the growth of property taxes levied by the political subdivisions. Slowing the growth of spending and property taxes levied by school districts is in LB 959, the companion bill to LB 958.

The bill has three parts: 1) Limitations on the budget of restricted funds, 2) Exclusions to the levy limit, and 3) Limiting the state-wide increase in agricultural and horticultural land valuations to 3 percent.

Part I

Sections 2 and 3 of LB 958 address the limitations on the annual restricted funds budget growth for local governmental units other than schools. The definition of restricted funds is found in Section 13-518(6). Restricted funds means:

- Property tax, excluding any amounts refunded to taxpayers;
- Payments in lieu of property taxes;
- Local sales taxes;
- Motor vehicle taxes;
- State aid;
- Transfers of surpluses from any user fee, permit fee, or regulatory fee if the fee surplus is transferred to fund a service or function not directly related to the fee and the costs of the activity funded from the fee;
- Any funds excluded from restricted funds for the prior year because they were budgeted for capital improvements but which were not spent and are not expected to be spent for capital improvements;
- The county occupation tax provided in sections77-27,223 to 77-27,227 beginning in the second fiscal year in which the county will receive a full year of receipts; and

- Any excess tax collections returned to the county under section 77-1776.
- Funds received pursuant to the nameplate capacity tax levied under section 77-6203 for the first five years after a renewable energy generation facility has been commissioned are non-restricted funds.

Currently, Section 13-520 allows for certain exclusions to restricted funds:

- Restricted funds budgeted for capital improvements;
- Restricted funds expended from a qualified sinking fund for acquisition or replacement of equipment with a useful life of 5 years or more;
- Restricted funds pledged to retire bonded indebtedness, or used by a public airport to retire interest-free loans or used to pay financial instruments approved and agreed to before July 1, 1999;
- Restricted funds budgeted in support of a service which is the subject of an agreement or modification of an agreement whether operated by one of the parties to the agreement or by an independent joint entity or joint public agency;
- Restricted funds budgeted to pay for repairs to infrastructure damaged by a natural disaster;
- Restricted funds budgeted to pay for judgments, except for judgments from the Commission of Industrial Relations; and
- Certain restricted funds budgeted by an NRD under the Nebraska Ground Water Management and Protection Act.

LB 958 repeals the exclusions for 1) capital improvements, 2) qualified sinking funds for equipment purchases, and 3) expenditures in support of interlocal agreements. The bill retains the following exclusions to restricted funds:

- Restricted funds pledged to retire bonded indebtedness, or used by a public airport to retire interest-free loans or used to pay financial instruments approved and agreed to before July 1, 1999;
- Restricted funds budgeted to pay for repairs to infrastructure damaged by a natural disaster;
- Restricted funds budgeted to pay for judgments not covered by liability insurance or, as amended by LB 958, a pool of funds maintained to self-insure against such liability. Judgments from the Commission of Industrial Relations are not included in this exclusion, and
- Certain restricted funds budgeted by an NRD under the Nebraska Ground Water Management and Protection Act.

Section 13-521 allows governmental units, other than schools, to carryover unused restricted funds authority to future budget years. LB 958 will limit this carryover to 3percent of the budgeted restricted funds for the budgeted fiscal year (i.e., 2017-2018 unused restricted funds could not exceed 3percent of the 2017-2018 budgeted restricted funds). This provision will begin with the 2017-2018 fiscal year.

A transition period is allowed for budgets adopted for the 2016-2017 fiscal year. The exclusions proposed to be eliminated by LB 958 would be added to the base amount of restricted funds during the transition period. The exclusions that will be added are:

- Restricted funds budgeted for the immediately prior fiscal year for capital improvements;
- Restricted funds budgeted for the immediately prior fiscal year in support of a service which is the subject of an agreement or a modification of an existing agreement which is operated by one of the parties to the agreement or by an independent joint entity or joint public agency;
- Restricted funds expended in the immediately prior fiscal year from a qualified sinking fund for acquisition or replacement of tangible personal property with a useful life of five years or more; and
- Restricted funds budgeted for the immediately prior fiscal year in support or a service which is the subject of an interlocal agreement or a modification of an existing agreement.

Part II

Section 1 and Section 6 of the bill changes the exclusions to the property tax levy limit for all governmental units. Currently, Section 77-3442(11) excludes the following items:

- Judgments, except judgments or orders from the Commission of Industrial Relations, to the extent such judgment is not paid by liability insurance coverage of a political subdivision;
- Preexisting lease-purchase contracts approved prior to July 1, 1998;
- Bonds as defined in section 10-134 approved according to law and secured by a levy on property except as provided in section 44-4317 for bonded indebtedness issued by educational service units and school districts; and
- Payments by a public airport to retire interest-free loans from the Department of Aeronautics in lieu of bonded indebtedness at a lower cost to the public airport.

LB 958 reduces the number of exclusions to the property tax levy limit to:

- Bonds defined in section 10-134 which are:
    - Approved according to law;
    - Secured by a levy on property; and;
    - For bonds issued after July 1, 2016 approved by a majority of voters.

Section 7 of LB 958 repeals the provisions for exceeding the property tax levy limit by a vote of the people attending a town hall meeting.

Part III

Sections 4 and 5 and Sections 8 through 10, provide the process to limit the annual aggregate statewide increase in agricultural and horticultural land value to 3percent.

If the increase in agricultural and horticultural land in any year exceeds 3percent on a statewide aggregated basis, the Property Tax Administrator will determine the factor needed to uniformly and proportionately reduce the value of every parcel of agricultural and horticultural land so that the statewide aggregate increase on agricultural and horticultural land does not exceed 3percent.

As part of the annual equalization meeting of the Tax Equalization and Review Commission (TERC), TERC will approve or adjust the factor calculated by the Property Tax Administrator. These steps will be completed by May 20 of each year.
Any change of valuation notices sent after June 1, 2016 will include the value of the real property before and after any adjustment required by LB 958.

Adjusted valuation used for the calculation and certification of the Tax Equity and Educational Opportunities Support Act (TEEOSA) will also be adjusted by the factor determined by the Property Tax Administrator and TERC.

This bill contains the Emergency Clause.

<u>Committee Amendment:</u> Adopted

AM 2717 becomes the bill.

1) The amendment also changes the allocation of the Property Tax Credit beginning in tax year 2017. New language increases the allocation for agricultural and horticultural land to 133percent of taxable value. This has the effect of allocating the credit at full taxable value for ag land rather than the current 75percent of taxable value. There is no change to the credit allocation for all other property, but new language provides that non-agricultural property will receive the same amount of credit for tax year 2017 as it received in tax year 2016.

2) It provides that a new limitation on Community Colleges is effective for fiscal years beginning July 1, 2017. The amendment does not limit the carryover of unused restricted funds from one fiscal year to the next, but does limit the amount of the carryover to 3percent of the total restricted funds from the previous year, after accounting for exclusions.

A second and separate public hearing for AM 2717 to LB 958 was held Thursday, March 24, 2016 at 2:00 pm in room 1524. Testimony was heard on each of the two components of the amendment.

<u>Disposition at Sine Die:</u>

LB 958 was advanced to General File as amended, 7 ayes, 0 nays and 1 present not voting. LB 958 was passed on Final Reading, 47-1-1. The bill was approved by the Governor on April 19, 2016.

LB 995 (Davis) Repeal provisions relating to the special valuation of agricultural land and provide for the agricultural value of agricultural land

Introduced Version:

LB 995 requires all agricultural land and horticultural be assessed for taxation based solely on its value for agricultural or horticultural uses. The bill clarifies the definition of agricultural land and horticultural land.

The bill has an operative date of January 1, 2017.

Disposition at Sine Die:

LB 995 was not advanced from the committee and was indefinitely postponed with the end of the legislative session on April 20, 2016.

LB 1014 (Stinner) Change provisions relating to levy limitations and budget limitations for public airports

Introduced Version:

The bill seeks to clarify the budget and levy limitations relative to airport authorities.

The current statutory language provides for an exception to "restricted funds" for funds "used by a public airport to retire interest-free loans from the Department of Aeronautics in lieu of bonded indebtedness at a lower cost to the public airport." The bill attempts to clarify that the exception applies to all funds used by a public airport to retire indebtedness, not just interest free-loans from the Department of Aeronautics.

Current statutory language also provides for an exclusion from the levy limits if the payments are "made by a public airport to retire interest-free loans from the Department of Aeronautics in lieu of bonded indebtedness at a lower cost to the public airport." Again, the bill attempts to clarify that the exception applies to all payments by a public airport to retire indebtedness.

Committee Amendment:

AM 2192 becomes the bill. It clarifies in Section 3-613 that property taxes levied by airport authorities for bonds issued under Section 3-613 are not included in their levy lid.

Disposition at Sine Die:

LB 1014 was unanimously advanced to General File as amended and was indefinitely postponed with the end of the legislative session on April 20, 2016. However, the provisions of LB 1014 were amended into LB 774 by AM 2648 which was signed by the Governor on April 18, 2016

LB 1031 (Hansen) Change the levy authority of railroad transportation safety districts

Introduced Version:

LB 1031 would give the board of directors of a railroad transportation safety district (RTSD) the authority to levy a statutory maximum tax of 2.6¢ per $100 of taxable value. The levy will not be part of the county maximum levy or the levy limit for other political subdivisions.

Currently, only the county board has the authority to levy a tax for a RTSD and the levy is part of the maximum levy for a county.

The bill has an operative date of January 1, 2017.

Disposition at Sine Die:

LB 1031 was not advanced from the committee and was indefinitely postponed with the end of the legislative session on April 20, 2016.

LB 1037 (Brasch) Change property tax provisions relating to agricultural land and horticultural land

Introduced Version:

LB 1037 clarifies that agricultural land and horticultural land means a parcel of land, which excludes buildings or enclosed structures on the parcel. Whether a parcel of land is primarily used for agricultural or horticultural purposes is determined without regard to the actual value or use of any buildings or enclosed structures on the parcel.

New definitions are added for wasteland and farm sites and farm home sites that are adjacent to other agricultural and horticultural land.

The bill has an operative date of January 1, 2017.

Disposition at Sine Die:

LB 1037 was advanced from the committee to General File with 7 ayes and 1 present not voting. However, LB 1037 was indefinitely postponed with the end of the legislative session on April 20, 2016.

Sales Tax

LB 52 (Scheer) Exempt sanitary drainage districts from sales and use taxes

Introduced Version:

The bill would add sanitary drainage districts to the list of entities that are exempt from paying sales and use tax on their purchases.

The bill has an operative date of October 1, 2015.

Disposition at Sine Die:

LB 52 was unanimously advanced from the committee to General File. LB 52 passed on Final Reading, 46-0-3. LB 52 was approved by the Governor March 5, 2015.

LB 74 (Schumacher) Change sales and use tax collection fees

Introduced Version:

The bill increases the collection allowance for persons who are required to collect sales and/or use taxes. The collection allowance was reduced in 2002 during the economic downturn. This bill would return the allowance to pre-2002 levels. Persons designated to collect the sales/use tax would be allowed to keep 2.5 percent of the first $3,000 in tax and 0.5 percent of the taxes in excess of that amount.

Note that the bill speaks in terms of taxes collected and remitted each month, though many persons are only required to collect and remit these taxes on a quarterly or even annual basis. It is unclear whether these persons would also be included under the proposal.

Since county treasurers are designated to collect sales tax on motor vehicles, boats and trailers on behalf of the state, it is assumed that counties would also be entitled to the increased collection allowance.

Disposition at Sine Die:

LB 74 was not advanced from the committee and was indefinitely postponed with the end of the legislative session on April 20, 2016.

LB 153 (Morfeld) Exempt college textbooks from sales and use taxes

Introduced Version:

This bill creates an exemption from sales and use tax for college textbooks that are required or recommended for a college course. The exemption applies to textbooks in any format (hard copy or electronic), whether sold or leased, and is available to both full and part-time college students.

Note: The bill does not limit the exemption to textbooks for use at Nebraska colleges or to students enrolled at Nebraska colleges.

The bill provides for an effective date of July 1, 2015 but also includes an emergency clause.

Disposition at Sine Die:

LB 153 was not advanced from the committee and was indefinitely postponed with the end of the legislative session on April 20, 2016.

LB 191 (Bloomfield) Exempt food sold by veterans service organizations from sales and use taxes

Introduced Version:

This bill creates an exemption from sales and use tax for food sold by veterans' service organizations, which are defined as:

1. Congressionally chartered;
2. Having active chapters in Nebraska; and
3. Exempt from federal income tax under §501(c) (19) of the Internal Revenue Code.

The bill provides for an effective date of October 1, 2015.

Disposition at Sine Die:

LB 191 was not advanced from the committee and was indefinitely postponed with the end of the legislative session on April 20, 2016.

LB 200 (Davis) Change the distribution of sales and use tax revenue and provide duties for the Department of Revenue

Introduced Version:

The bill would direct the first year of sales tax receipts on internet transactions to the Property Tax Credit Cash Fund when collection of these taxes is authorized by the United States Congress.

Committee Amendments: Adopted

AM 646 sunsets this provision after three years.

Disposition at Sine Die:

LB 200 was unanimously advanced by the committee to General File as amended. LB 200 passed on Final Reading 47-0-2. LB 200 was approved by the Governor on May 27, 2015.

LB 216 (Hadley) Correct provisions relating to the streamlined sales and use tax agreement

Introduced Version:

This bill makes a highly technical change to the streamlined sales and use tax agreement referencing "Articles" rather than "Article" VII or VIII of the agreement.

Disposition at Sine Die:

LB 216 was unanimously advanced from the committee and on Select File, however it was indefinitely postponed with the end of the legislative session on April 20, 2016.

LB 249 (Sullivan) Exempt horses from sales and use taxes

Introduced Version:

This bill creates an exemption from sales and use tax for the sale of horses.

The bill provides for an effective date of October 1, 2015.

Committee Amendments: Pending

AM 622 would limit the exemption to sales of breeding stock only.

Disposition at Sine Die:

LB 249 was unanimously advanced from the committee and on General File. However, LB 249 was indefinitely postponed with the end of the legislative session on April 20, 2016.

LB 278 (B. Harr) Exempt motor vehicle washing and waxing services from sales and use tax

Introduced Version:

This bill creates an exemption from sales and use tax for car washing and waxing services.

The bill provides for an effective date of October 1, 2015.

Disposition at Sine Die:

LB 278 was advanced from the committee and on General File with 5 ayes, 2 nays and 1 present not voting. However, LB 278 was indefinitely postponed with the end of the legislative session on April 20, 2016.

LB 284 and LB 285 (Riepe) Redefine terms under the Sports Arena Facility Financing Assistance Act

Introduced Version:

These companion bills address the “sales tax turn back” provisions under the Sports Arena Facility Financing Assistance Act.

A sales tax turn back generally involves the designation of a zone or area around a proposed qualifying facility. The increase in sales tax collected by existing retailers within the zone is turned back to the city for the purpose of repaying bonds issued for construction. The sales tax collected by new retailers who locate within the zone is also turned back. 70 percent is turned back to the city and the remaining 30percent is transferred to the Civic and Community Center Financing Fund.

Current law sets the zone for this Act at 600 yards from the facility. LB284 would expand that zone to 1,000 yards.

Current law captures the sales tax from new retailers for 24 months prior to occupancy through 24 months after occupancy. LB285 would expand this period to 120 months (or 10 years) after occupancy.

Current law sets no time limit on capturing the increased sales tax from existing retailers within the zone. However, the turn back may not exceed a total of $50 million per facility or be paid out for more than 20 years after the issuance of the first bond.

NOTE: It is our understanding the facility in Ralston was occupied at some point in 2012, which means the turn back period for new retailers expired in 2014. LB285 as drafted raises the issue of whether changing the turn back period now would allow retroactive application or only apply to new retailers after the effective date of the bill.

Committee Amendments: Adopted

AM 1426 becomes the bill. Previous legislation created the Convention Center Facility Financing Assistance Act and the Sports Arena Facility Financing Assistance Act. Both provisions allow a sales-tax-turn-back to the cities in which a qualifying facility is built. The sales taxes generated in the designated zone around the facility by both new and existing retailers is "turned back" to the city for a specified time period.

The turn-back is limited, however, to 70 percent of the revenue, with 30 percent going to the Civic and Community Center Financing Fund, which may be used for community development grants in smaller cities. The amendment provides that in the event that this fund maintains a year-end balance in excess of $1 million, the excess shall be deposited into the newly created Political Subdivision Recapture Cash Fund and then returned proportionately to the cities that generated the turn-back revenues

Disposition at Sine Die:

LB 284 was not advanced from the committee and was indefinitely postponed with the end of the legislative session on April 20, 2016.

LB 285 was unanimously advanced to General File as amended. LB 285 was passed on Final Reading, 41-3-5. LB 285 was approved by the Governor on February 11, 2016.

LB 386 (Watermeier) Change a sales tax exemption for agricultural machinery and equipment

Introduced Version:

The bill expands the definition of agricultural machinery and equipment for purposes of the sales and use tax exemption to include trailers used exclusively to transport such equipment to or from a commercial farm or ranch.

Current law exempts such trailers if they are not licensed for operation on the roads of the state. Licensed trailers are not exempt and the Department of Revenue provides in its information guide that certain types of trailers, such as head trailers and seed tender trailers, do not qualify for the exemption.

The bill sets the operative date as October 1, 2015.

Disposition at Sine Die:

LB 386 was not advanced from the committee and was indefinitely postponed with the end of the legislative session on April 20, 2016.

LB 391 (Crawford) Change sales tax collection fees for motor vehicles

Introduced Version:

County treasurers would be allowed to collect an additional one-half of one percent of all motor vehicle taxes collected in excess of $3,000 remitted each month.

Disposition at Sine Die:

LB 391 was not advanced from the committee and was indefinitely postponed with the end of the legislative session on April 20, 2016.

LB 419 (Mello) Exempt certain sales and purchases by certain zoos and aquariums from sales and use tax

Introduced Version:

The bill would exempt all sales made and all purchases by any zoo or aquarium accredited by the Association of Zoos and Aquariums.

The bill provides an operative date of January 1, 2016.

Disposition at Sine Die:

AM 984 limits the exemption to "a membership in or an admission to or any purchase by a nationally accredited zoo or aquarium operated by a public agency or nonprofit corporation primarily for educational, scientific, or tourism purposes." Other sales made by these organizations remain subject to sales tax.

LB 419 was unanimously advanced from the committee. LB 419 was passed on Final Reading, 39-5-5, and was approved by the Governor on May 27, 2015.

LB 438 (Morfeld) Change distribution of sales and use tax revenue and create and provide for a fund

Introduced Version:

The bill creates the Excellence in Education Trust Fund.

10 percent of sales tax receipts on remote sales would be directed to the fund when collection of these taxes is authorized by the United States Congress. This provision would apply to sales tax receipts on transactions occurring on or after January 1, 2016.

Disposition at Sine Die:

LB 438 was not advanced from the committee and was indefinitely postponed with the end of the legislative session on April 20, 2016.

LB 466 (B. Harr) Change provisions relating to deductions of municipal sales and use tax refunds

Introduced Version:

The bill amends the process of paying refunds of local option sales and use taxes by municipalities under the Nebraska Advantage Act (LB 312) or Employment and Investment Growth Act (LB 775).

Under current law, the State does not deduct a refund of the local tax from the sales tax receipts of a village or first or second class city for at least one year after the refund is paid by the State.

If a refund exceeds 25 percent of a municipality's total sales and use tax receipts for the prior fiscal year, the refund is deducted in 12 equal installments beginning one year after the refund is paid to the taxpayer.

The bill would make these provisions applicable to all municipalities, not just villages, or first second call cities. It also changes the installment payments to apply to refunds exceeding 25 percent or $1 million, whichever is less.

The operative date is January 1, 2016.

Disposition at Sine Die:

LB 466 was not advanced from the committee and was indefinitely postponed with the end of the legislative session on April 20, 2016.

LB 542 (B. Harr) Provide a sales tax exemption for purchases by county agricultural societies

Introduced Version:

The bill would exempt county agricultural societies from sales and use tax. The operative date is set as October 1, 2015.

Disposition at Sine Die:

LB 542 was unanimously advanced from the committee and placed on General File. Provisions of LB 542 amended into LB 774 by AM 2422.

LB 613 (Kintner) Provide duties for the Department of Revenue and change income tax rates and the distribution of sales and use tax revenue

Introduced Version:

This bill would provide that if the federal government passes a law that requires internet sales tax collection by online retailers and the remission of such tax to the states (Marketplace Fairness Act), the Nebraska Department of Revenue would determine the amount of additional revenue collected during the first 12 months following the date on which Nebraska begins collecting the additional revenue.

Following the determination of additional sales tax revenue collected, the Department of Revenue would determine new individual income tax rates for the following tax year based on a reduction in the rates equivalent to 50percent of the additional sales tax revenue. The change in tax brackets would apply for only one tax year and then would return to their previous levels.

In addition, the equivalent of 50percent of the amount of additional sales tax revenue determined by the Department of Revenue would be credited to the Property Tax Credit Cash Fund.

Disposition at Sine Die:

LB 613 was not advanced from the committee and was indefinitely postponed with the end of the legislative session on April 20, 2016.

LB 653 (Johnson) Exempt certain purchases of energy star qualified products from sales and use taxes

Introduced Version:

The bill would exempt the first $2,500 of the sales price of purchases of energy star qualified products for only noncommercial home or personal use. The exemption would apply to transactions occurring at 12:01 a.m. on the first Friday in October and conclude at 12:00 midnight on the first Sunday after the first Friday.

Energy star qualified products are defined. The operative date is October 1, 2015.

Disposition at Sine Die:

LB 653 was not advanced from the committee and was indefinitely postponed with the end of the legislative session on April 20, 2016.

LB 671 (Krist) Repeal the Build Nebraska Act and change the distribution of sales tax revenue

Introduced Version:

This bill will repeal the Build Nebraska Act. The Build Nebraska Act directs that revenue generated from one-quarter of one percent of the general sales tax be split 85percent to the State Highway Capital Improvement Fund and 15percent to the Highway Allocation Fund.

The State Highway Capital Improvement Fund is used for the construction of the expressway system, federally designated high priority corridors, and other high priority projects determined by the Department of Roads. The Highway Allocation Fund is used by cities and counties for road construction/maintenance.

LB671 has an operative date of July 1, 2016, and the emergency clause. Any money in the State Highway Capital Improvement Fund is to be transferred to the General Fund on the operative date.

Disposition at Sine Die:

LB 671 was not advanced from the committee and was indefinitely postponed with the end of the legislative session on April 20, 2016.

LB 689 (Bloomfield) Eliminate a sales and use tax exemption relating to political events

Introduced Version:

This bill will repeal the sales tax exemption for prepared food, food, and food ingredients sold at political events. The bill has an operative date of October 1, 2016.

Disposition at Sine Die:

LB 689 was advanced from the committee on General File with 5 ayes and 3 nays. However, LB 689 was indefinitely postponed with the end of the legislative session on April 20, 2016.

LB 723 (Schumacher) Change sales and use tax collection fees

Introduced Version:

For all sales and use taxes collected on and after January 1, 2017, the collection fee for remitting the taxes shall be 5 percent of the first $3,000 and 2.5 percent on the next $3,000 remitted. Prior to January 1, 2017, the fee for collecting these taxes will be 2.5 percent on the first $3,000 remitted.

Disposition at Sine Die:

LB 723 was not advanced from the committee and was indefinitely postponed with the end of the legislative session on April 20, 2016.

LB 724 (Schumacher) Change sales and use tax collection fees

Introduced Version:

For all sales and use taxes collected on and after January 1, 2017, the collection fee for remitting the taxes shall be 5 percent of the first $6,000. Prior to January 1, 2017, the fee for collecting these taxes will be 2.5 percent on the first $3,000 remitted.

Disposition at Sine Die:

LB 724 was not advanced from the committee and was indefinitely postponed with the end of the legislative session on April 20, 2016.

LB 727 (Schilz) Impose a tax on sales of tobacco at cigar shops

Introduced Version:

The bill would impose an additional 1percent percent tax on “tobacco” sold by a cigar shop that is licensed under the Nebraska Liquor Control Act.

Tobacco is not defined in the bill. Section 77-4007 defines “tobacco products” to include cigars and other types of tobacco, but not cigarettes. Cigarettes are defined under Section 77-2601. It is not clear if the bill applies to all forms of tobacco, including cigarettes, sold at cigar shops.

The tax on tobacco products is 20percent of the purchase price paid by the first owner. Snuff is taxed based on weight. Cigarettes are generally taxed at 64¢ (more for packs greater than 20). All forms of tobacco are also subject to sales tax.

The bill states that the tax is to be “computed, determined, assessed and collected in the same manner as provided for the sales and use taxes in the Nebraska Revenue Act of 1967.” It is to be collected by the Tax Commissioner and remitted to the Treasurer for credit to the General Fund.

Disposition at Sine Die:

LB 727 was indefinitely postponed by the Revenue Committee at the request of the introducer; 7 ayes, 0 nays, 1 absent, on January 28, 2016.

LB 762 (Kintner) Change the tax on cigars, cheroots, and stogies

Introduced Version:

The bill increases the current tax of 20percent on "cigars, cheroots or stogies" to 22percent. It also provides that the maximum amount of tax on each of these items shall be 50¢.

Under current law, a tax of 20percent applies to the purchase price paid by the first owner of tobacco products, which are defined as:

> (1)cigars, (2) cheroots, (3) stogies, (4) periques, (5) granulated, plug cut, crimp cut, ready rubbed, and other smoking tobacco, (6) snuff, (7) snuff flour, (8) cavendish, (9) plug and twist tobacco, (10) fine cut and other chewing tobacco, (11) shorts, refuse scraps, clippings, cuttings, and sweepings of tobacco, and (12) other kinds and forms of tobacco, prepared in such manner as to be suitable for chewing or smoking in a pipe or otherwise or both for chewing and smoking, except that tobacco products shall not mean cigarettes as defined in section 77-2601.

It is presumed that all other forms of tobacco products would continue to be taxed at 20percent and would not be subject to the maximum tax amount. Snuff is taxed based upon weight.

The effective date is October 1, 2016.

Disposition at Sine Die:

LB 762 was not advanced from the committee and was indefinitely postponed with the end of the legislative session on April 20, 2016.

LB 774 (Scheer) Provide a sales and use tax exemption for purchases by nonprofit substance abuse treatment centers

Introduced Version:

LB 774 provides a sales tax exemption for substance abuse treatment centers licensed under the Health Care Facility Licensure Act.

The bill has an operative date of October 1, 2016.

Committee Amendment: Adopted

AM 2422 becomes the bill. Provisions of several other bills were amended into LB774, which provides a sales tax exemption for substance abuse treatment centers licensed under the Health Care Facility Licensure Act. These include:

- **LB 510 (Cook, 2015) -** Provides an income tax credit for no more than two years equal to 20 percent of expenditures by an employer on behalf of an employee who had been on public assistance for the payment of tuition at a Nebraska public institution of postsecondary education or the costs of a high school equivalency program and the costs of transportation to and from work.

- **LB 542 (B. Harr, 2015) -** Creates a sales tax exemption for county agricultural societies.

- **LB 888 (Mello, 2016) -** Clarifies that insurance companies may utilize credits under the Nebraska Job Creation and Mainstreet Revitalization Act and reserves the first $4 million of credits each year for applications seeking credits of less than $150,000 until April 1 of each year.

- **LB 1015 (B. Harr, 2016) -** Creates a sales tax exemption for museums that rent or lease property as defined in Section 51-702.

- **LB 1047 (B. Harr, 2016) -** Creates an additional qualified processing activity, the drying and aerating of grain in commercial agricultural facilities, under the sales tax exemption for energy used in manufacturing and processing.

- **LB 1088 (Davis, 2016) -** Creates a sales tax exemption for a center for independent living as defined in 29 U.S.C. 796a.

The amendment contains the Emergency Clause.

Disposition at Sine Die:

LB 774 was unanimously advanced from the committee to General File as amended. Provisions of LB 1014 (Stinner, 2016) were also amended into LB 774 by AM 2648 during debate on General File. LB 774 was passed on Final Reading, 37-10-2, and was approved by the Governor on April 18, 2016.

LB 812 (Smith) Provide a sales tax exemption relating to custom software

Introduced Version:

The bill would exempt "custom software" from sales and use tax and defines custom software as "computer software created for and prepared to the special order of the purchaser."

Nebraska imposes its sales tax on the gross receipts of sellers. Gross receipts contains the following definition:

> **77-2701.16(3)** Gross receipts of every person engaged in selling, leasing, or otherwise providing intellectual or entertainment property means:
>
> (a) In the furnishing of computer software, the gross income received, including the charges for coding, punching, or otherwise producing any computer software and the charges for the tapes, discs, punched cards, or other properties furnished by the seller.

The effective date of the bill is January 1, 2017.

Disposition at Sine Die:

LB 812 was not advanced from the committee and was indefinitely postponed with the end of the legislative session on April 20, 2016.

LB 884 (Scheer) Change the Convention Center Facility Financing Assistance Act and the Sports Arena Facility Financing Assistance Act

Introduced Version:

The bill makes several changes to both the Convention Center Facility Financing Assistance Act and the Sports Arena Facility Financing Act. Currently there are two facilities operating under the Convention Center Act and one under the Sports Arena Act.

In general, these programs allow municipalities to receive a turn-back of the state sales taxes collected in or near the facilities, or what is known as the zone. Municipalities receive 70percent of the funds and 30percent goes to the Civic and Community Center Financing Fund for use by other cities.

Under the Convention Center Act, the turn back funds are 70percent OR $75 million for any one facility OR the total cost of the facility. Under the Sports Arena Act, the city receives the 70percent for the two years before and two years after occupancy.

The major changes under the Convention Center Act are:

1. Expanded definition of "associated hotel" from a publicly owned facility to both public and privately owned facilities

2. Allows associated hotels to be within the zone "in whole or in part," rather than "located" as currently used

(State sales tax from associated hotels are included in the turn back)

3. Expands the zone around the facility from 450 yards to 600 yards

4. Expands the use of turn back funds
    a. Currently may only be used to retire bonds for facility
    b. Bill expands use of turn back funds to capital improvements at the facility

5. Omaha is currently required to expend 10percent of its turn back funds for use in high poverty areas. Lincoln would also be required under the bill.

The major changes under the Sports Arena Act

1. Redefines "the zone" as the "program area"
    a. For existing facilities, the program area is defined under the bill as "600 yards measured from the facility but not from any parking facility or other structure"
    b. For new facilities approved after the effective date of the bill it is defined as above but adds language to address "unbuildable property"

    c. Allows adjustment of the 600 foot zone to remove the unbuildable property from the calculation
    d. Defines unbuildable property

2. Expands the definition of “nearby retailer” to the new program area

3. Extends the time period during which the City may collect the turn back tax from 2 years to 7 years after occupancy

4. Adds requirements for new applicants to include a map of the program area showing the unbuildable property

The operative date is October 1, 2016

<u>Committee Amendment:</u> Adopted

AM 2522 becomes the bill and makes changes to the green copy. Under the Convention Center Facility Financing Assistance Act as follows:

Omaha would receive sales tax turnback from privately owned associated hotels (currently only Lincoln receives the turnback from privately owned hotels); Clarifies that 600 yard limit is measured from any point of the exterior perimeter or that it could be within the program area if there is unbuildable property; Adds the option for Lincoln to appropriate 10 percent of its funds to qualified low-income housing projects (Omaha currently has this authority).

Changes under the Sports Arena Facility Financing Assistance Act are as follows:

Clarifies that 600 yard limit is measured from any point of the exterior perimeter; Adds an additional 48 months after the operative date to receive the sales tax turnback; For new projects approved on or after the effective date of the amendment, no more than 50 percent of the final cost may be funded through the turnback (i.e. public funds).

Provisions of LB 951 (B. Harr, 2016) were also amended into LB 884.

<u>Disposition at Sine Die:</u>

LB 884 was advanced from the committee to General File as amended with 7 ayes and 1 nay. LB 884 was passed on Final Reading, 43-4-2, and was approved by the Governor on April 19, 2016.

<u>LB 949 (B. Harr) Change the commission allowed to cigarette stamping agents</u>

<u>Introduced Version:</u>

Wholesale dealers holding a valid Nebraska Wholesale Cigarette Dealer's Permit may purchase and/or affix authorized tax stamps from the Department of Revenue. Currently, wholesale cigarette dealers purchasing authorized tax stamps are permitted to purchase such tax stamps at a discount of 1.85 percent. LB949 will increase the discount to 3percent.

The bill has an operative date of October 2, 2016.

Disposition at Sine Die:

LB 949 was not advanced from the committee and was indefinitely postponed with the end of the legislative session on April 20, 2016.

LB 950 (B. Harr) Allow a bad debt reduction relating to cigarette and tobacco product taxes

Introduced Version:

This bill will allow stamping agents the ability to recover the amount of state taxes paid when they have uncollectable bad debt.

Disposition at Sine Die:

LB 950 was not advanced from the committee and was indefinitely postponed with the end of the legislative session on April 20, 2016.

LB 974 (Kolowski) Exempt sales of clothing, school supplies, computers, and computer-related accessories from sales and use taxes

Introduced Version:

The bill creates an annual sales tax holiday which would occur between 12:01 am on the first Friday in August and 11:59 pm on the Sunday following. The Fiscal Note itemizes the exemptions as follows:

Exempt items include the following:

- Clothing with a sales price of $100 or less per item;
- School items with a sales price of $100 or less per item;
- Computers and computer-related accessories with a sales price of $750 or less per item;

And the exclusions from the exemption:

- Computer software intended primarily for recreational use;
- Clothing accessories or equipment;
- Protective equipment;
- Sport or recreational equipment;
- School instructional material;
- Any item for use in a trade or business;
- The sale of any item in a theme park, entertainment complex, public lodging establishment, or airport;
- The lease or rental of any item.

Nebraska is member of the Streamlined Sales Tax Project and has enacted the provisions of the Streamlined Sales Tax Agreement. Section 322 of the Agreement contains the uniform provisions applicable to Sales Tax Holidays.

The bill as drafted contains several provisions that are not in compliance with the Agreement. For example, excluded software intended primarily for recreational use is not a term found in the Agreement. These non-compliant provisions could lead to Nebraska being found out of compliance and therefore unable to continue receiving revenue through the Streamlined system.

Disposition at Sine Die:

LB 974 was not advanced from the committee and was indefinitely postponed with the end of the legislative session on April 20, 2016.

LB 1013 (Gloor) Change tax on cigarettes and other tobacco products and provide for distribution of proceeds

Introduced Version:

LB 1013 proposes to raise the cigarette excise tax by $1.50 from the current 64 cents to $2.14 per pack of twenty cigarettes. It would also raise the wholesale excise tax on tobacco products by 11 percent from the current 20 percent to 31 percent.

The intended health care effect of LB1013 is to reduce tobacco related illness, thereby creating a long-term reduction in Medicaid costs by reducing heart disease, lung disease and cancers caused by smoking and tobacco use.

The intended tax effect is to decrease the individual tax burden of property owners by increasing the funding for the Property Tax Credit Fund and to increase the personal property tax exemption amount available to entrepreneurs, individual proprietors, small businesses, agri-business and large businesses.

The revenue generated by the increase in cigarette excise tax would be directed to:

- $45 Million to the Property Tax Relief Fund.
- $45 Million to the Department of Revenue to be used to reimburse tax payers for a personal property tax exemption of up to $25,000. All businesses, including individual entrepreneurs, would be able to claim the exemption.
- $30 Million to the Health Care Cash Fund with intent language asking for appropriations to:

    - ✓ $1 Million for Tobacco Prevention and Control Program.
    - ✓ $3 Million for Federally Qualified Health Centers.
    - ✓ $6 Million to Public Health Departments.
    - ✓ $1.5 Million to NDHHS for training and recruitment of local emergency medical services personnel and firefighters.
    - ✓ $2 Million to NDHHS for behavioral health provider rate stabilization.
    - ✓ $500,000 to the Health Care Services Transformation Fund for the purposes of implementing the Act (LB 549).
    - ✓ $1 Million to Area Health Education Centers.
    - ✓ $4 Million to College of Public Health to educate public health professionals, to improve population health through community-based research, interventions and education addressing community needs such as patient-centered medical home, and to develop a shared public health data network and evaluation center in partnership with the Department of Health and Human Services.
    - ✓ $10 Million to cancer and smoking related illness research through the biomedical research program.
    - ✓ $1 Million to Behavioral Health Education Centers of Nebraska.

The revenue generated by the increase in excise tax on other tobacco products excise tax would go the Tobacco Products Administration Cash Fund.

Disposition at Sine Die:

LB 1013 was not advanced from the committee and was indefinitely postponed with the end of the legislative session on April 20, 2016.

LB 1015 (B. Harr) Change a sales tax exemption relating to museums

Introduced Version:

The bill incorporates an existing definition of "fine art" for purposes of exemption from sales and use tax when purchased by a museum, as defined in statute.

Museums are defined in Section 51-702:

> (6) Museum means an institution located in Nebraska and operated by a nonprofit corporation or a public agency, primarily for educational, scientific, historic preservation, or aesthetic purposes, and which owns, borrows, cares for, exhibits, studies, archives, or catalogs property. Museum includes, but is not limited to, historical societies, historic sites or landmarks, parks, monuments, libraries, and zoos;

"Property," rather than "fine art," purchased or leased by a museum will be exempt from sales and use tax as defined in the same statute:

> (8) Property means a tangible object, animate or inanimate, under a museum's care, which has intrinsic historic, artistic, scientific, or cultural value;

The bill has an operative date of October 1, 2016.

Disposition at Sine Die:

LB 1015 was not advanced from committee. However, the provisions of LB 1015 were amended into LB 774 by AM 2422.

LB 1021 (Crawford) Change provisions relating to access to sales and use tax information by municipalities

Introduced Version:

The bill would expand the ability of municipal authorities to obtain sales and use tax return information from the Department of Revenue.

Under current law, the person duly authorized to review such sales and use tax return information by a municipality is required to do so on the premises of the Department. They are not allowed to make copies or remove any of the return information.

Under the bill, municipalities would be able to receive the information, in paper or electronic format, if the municipality has an agreement in effect under the Nebraska Advantage Transformational Tourism and Redevelopment Act, which allows a municipality to authorize a local sales tax turnback, subject to voter approval, for businesses developing or redeveloping tourism-related projects.

Disposition at Sine Die:

LB 1021 was not advanced from the committee and was indefinitely postponed with the end of the legislative session on April 20, 2016.

LB 1047 (B. Harr) Change sales tax exemption provisions relating to purchases of energy and fuel

Introduced Version:

LB 1047 clarifies existing statutory language concerning what activities are included as processing for purposes qualifying for an energy sales or use tax exemption. The bill includes within the definition of "processing" the drying and aerating of grain by a commercial grain facility.

Current statutory language provides that sales and use taxes shall not be imposed on the gross receipts from the sale or consumption of electricity and other energy sources when more than fifty percent of the amount purchased is used directly in processing, manufacturing or refining. There is confusion among commercial grain facilities and the Department of Revenue as to whether the drying and aerating of grain constitutes processing.

The bill has an operative date of October 1, 2016.

Disposition at Sine Die:

LB 1047 was not advanced from committee. However, the provisions of LB 1047 were amended into LB 774 by AM 2422.

LB 1087 (Davis) Change sales tax provisions relating to the definition of engaged in business in this state

Introduced Version:

The bill significantly expands the definition of "doing business" in the state for purposes of the sales and use tax regarding out-of-state businesses. In particular, it would require remote sellers to collect and remit sales tax if they utilize various marketing practices.

These practices include:

- Maintaining an affiliate relationship with a business that has nexus in the state;
- Engaging in direct response marketing through a market place provider or other third party;
- Utilizing an Internet-based link with an affiliate to refer potential customers;
- Using an affiliate or other third party in this state to handle sales, service, returns, exchanges or other activities;
- Conducting any activity through a related entity with nexus in this state – this creates a rebuttable presumption that the out-of-state related entity also has nexus in this state.

Nexus is also created if the seller has more than $10,000 in gross sales in the state during the preceding calendar year and also has nexus in at least one state that is a member of the Streamlined Sales Tax Project.

The bill allows the taxpayer to file a protest directly with the Supreme Court of an assessment made pursuant to these provisions within 60 days if the primary issue raised is the constitutionality of these provisions.

The bill sets January 1, 2017 as the effective date and contains a severability clause.

Disposition at Sine Die:

LB 1087 was not advanced from the committee and was indefinitely postponed with the end of the legislative session on April 20, 2016.

LB 1088 (Davis) Provide a sales and use tax exemption for nonprofit centers for independent living

Introduced Version:

LB 1088 will provide a sales tax exemption for nonprofit centers for independent living as defined in 29 U.S.C 796a.

The bill has an operative date of October 1, 2016.

Disposition at Sine Die:

LB 1088 was not advanced from the committee. However, the provisions of LB 1088 amended into LB 774 by AM 2422.

Tax Credits & Incentives

LB 26 (Krist) Adopt the Choice for the Advancement of Nebraska Children in Education Act and provide for tax credits

Introduced Version:

The bill creates the Choice for the Advancement of Nebraska Children in Education Act.

The bill creates a nonrefundable tax credit for contributions to one or more scholarship-granting organizations. The credit is available against individual (including estates and trusts) and corporate income tax, up to 60 percent of the total amount of the contribution. Any unused credit may carried forward for five years. The taxpayer may not specifically designate their contribution for a particular eligible student. The taxpayer must notify the organization in advance of its intent to make a contribution and the amount of the proposed contribution. The organization must then notify the Department of Revenue of the intent to claim a tax credit. The contribution must be made between 31 and 60 days after notifying the organization.

An eligible student is defined as a Nebraska resident who is or may be enrolled full-time at a qualifying school and who is a dependent member of a household for which the gross income for the most recently concluded calendar year before the student receives a scholarship does not exceed two times the income under the eligibility guidelines for reduced price meals under the National School Lunch Program. The student must also be (1) receiving a scholarship for the first and is either entering kindergarten or ninth grade or transferring from a public school and is entering any grade or (2) has previously received a scholarship and is continuing education until they graduate from high school or reaches 21 years of age or (3) is the sibling of a student who is receiving a scholarship and resides in the same household.

A qualifying school is defined as any nongovernmental, privately operated elementary or secondary school in this state that is operated not for profit, does not discriminate on the basis of race, color or national origin, complies with all health and life safety laws or codes that apply to privately operated schools and fulfills the applicable accreditation or approval requirements under §79-318.

A scholarship-granting organization must be certified by the Department of Revenue. Such certification requires the organization to be exempt from federal income tax under §501(c)(3) and offer one or more scholarship programs for eligible students without limiting such scholarships to only one qualified school. The organization must allocate at least 90 percent of its revenue for scholarships and no more than 10 percent for administrative costs, or 95 percent and no more than five percent for administrative costs, depending upon the aggregate amount of tax credits.

The aggregate amount of tax credits may not exceed $10 million for calendar year 2016. For subsequent years, however, the bill’s language is unclear as to what the annual limit may be, although additional language anticipates the aggregate amount of tax credits may exceed $20 million. The percentage of funds allocated for scholarships is measured by a monthly average over the most recent 24 month period, or for an organization that has been certified for less than 24 months, for the period of time the organization has been certified.

The bill contains a severability clause and sets the operative date as taxable year beginning or deemed to begin on or after January 1, 2016.

Disposition at Sine Die:

LB 26 was not advanced from the committee and was indefinitely postponed with the end of the legislative session on April 20, 2016.

LB 62 (Schumacher) Provide an income tax deduction for loan principal payments for graduate degrees

Introduced Version:

The bill creates a new income tax deduction. Federal AGI would be reduced by the amount of principal paid by the taxpayer during the tax year for any qualified education loan to pay for necessary costs to obtain a graduate degree. The deduction would be available for the first ten tax years after obtaining a graduate degree. Payments made on a loan from the Nebraska educational savings plan trust (sections 85-1801 to 85-1814) are not eligible for this deduction.

Qualified education loan is defined as "a loan that is borrowed from or guaranteed by the federal government or a loan that is borrowed from a financial institution, an institution of higher education, a state agency, or a nonprofit organization whose primary purpose is to provide student loans."

The bill would be operative for tax years beginning or deemed to begin on January 1, 2016.

Disposition at Sine Die:

LB 62 was not advanced from the committee and was indefinitely postponed with the end of the legislative session on April 20, 2016.

LB 64 (Schumacher) Provide an income tax deduction for the income earned from second jobs

Introduced Version:

The bill creates a new income tax deduction for the amount earned by a taxpayer for all secondary jobs. Federal AGI would be reduced up to a maximum exclusion of $240,000 for married filing jointly and $120,000 for all other returns if:

- The amount of income from the secondary job is more than 10percent but less than 100percent of income from the taxpayer's primary job;
- The amount of income from the taxpayer's primary job and all secondary jobs equals or exceed such amount from the prior taxable year; and
- The employer for the primary job and secondary job are not related persons.

A primary job is defined to be at least 40 hours per week for at least 48 weeks. Income includes wages, salaries, tips or other payments subject to withholding for federal income tax and meet federal minimum wage requirements.

A secondary job is defined as a job that the taxpayer works in addition to his/her primary job and the taxpayer earns self-employment income or wages, salaries, tips, or other payments which are subject to withholding for federal income tax and meet federal minimum wage requirements.

The bill would be operative for tax years beginning or deemed to begin on January 1, 2016.

Disposition at Sine Die:

LB 64 was not advanced from the committee and was indefinitely postponed with the end of the legislative session on April 20, 2016.

LB 255 (Morfeld) Provide income tax credits for apprenticeships

Introduced Version:

The bill creates a nonrefundable income tax credit for employers participating in a qualified apprenticeship training program administered pursuant to 29 U.S.C. 50. The credit is calculated based on wages paid per employee but is capped at $2,000 per employee.

The bill is operative for tax years beginning or deemed to begin on January 1, 2016

Disposition at Sine Die:

LB 255 was not advanced from the committee and was indefinitely postponed with the end of the legislative session on April 20, 2016.

LB 322 (Bolz) Increase child and dependent care tax credits

Introduced Version:

The bill increases the amount of the child and dependent care tax credits. This credit is both refundable and non-refundable and tied to the federal child and dependent care tax credits.

The non-refundable credit is increased from 25 to 30 percent of the federal credit if federal AGI is greater than $52,000. The AGI threshold is currently $29,000.

The bill raises the AGI threshold from $22,000 to $32,000 for the refundable credit which is 100 percent of the federal credit. Currently, the credit is reduced from 100 percent by 10 percent increments for each $1,000 by which AGI exceeds $22,000.

The bill would allow for a refundable credit of 30 percent of the federal credit if federal AGI is greater than $32,000 but not greater than $52,000.

The bill is operative for taxable years beginning or deemed to being on January 1, 2016.

Committee Amendments:

AM 809 adjusts the various thresholds for both the nonrefundable and refundable credits and requires the taxpayer to add back any carryforward of a net operating loss that was deducted in determining eligibility for the federal credit.

Disposition at Sine Die:

LB 322 was advanced from the committee to General File as amended with 7 ayes and 1 present not voting. LB 322 was indefinitely postponed with the end of the legislative session on April 20, 2016.

LB 331 (Nordquist) Adopt the Bioscience Impact Opportunity Act

Introduced Version:

The bill creates the Bioscience Impact Opportunity Act. The Act is modeled after the Nebraska Advantage Act and utilizes many of the same definitions and requirements. "Bioscience" is defined as "the use of compositions, methods and organisms in cellular and molecular research, development and manufacturing processes in areas including pharmaceuticals, medical therapeutics, medical diagnostics, medical devices, medical instruments, biochemistry, microbiology, veterinary medicine, energy, plant biology, agriculture and industrial, environmental and homeland security applications." A qualified bioscience business means any business engaged in research development or commercialization of bioscience products and technologies.

Taxpayer is defined as any person subject to sales and use taxes and subject to withholding.

Applicants must make an investment in qualified property of at least $1.5 million and hire at least one new employee whose wages are equal to 150 percent of the Nebraska average annual wage.

Benefits for qualified applicants include:

- A refunds of sales and use taxes paid on qualified property;
- A credit equal to six percent times the average wage of new employees multiplied by the number of new employees;
- A credit of 10 percent of the investment in qualified property; and
- An exemption from personal property tax on qualified property.

The credits earned under this bill are "in lieu of" the credits earned in any other tax incentive program. This means any investment or employment used to qualify under this program are subtracted from qualification under the other incentive programs and any investment and employment used to qualify under the other incentive programs are subtracted from qualification under this program. The bill provides for recapture if the taxpayer fails to maintain the required levels of investment and employment.

The credits earned under this program are transferable.

The bill also creates the Bioscience Impact Opportunity Grant Fund. The program is to be administered by an 11 member board, including:

- Chairpersons of the Agriculture and Appropriations Committees as non-voting members;
- Director of DED;
- President of the University Technology Development Corporation;
- Vice-Chancellor, University of Nebraska Institute of Agriculture and Natural Resources;
- Executive Director, Bio Nebraska Life Sciences Association; and
- Five member appointed by the Governor.

Grants may be awarded for up to $250,000 per year for three years. $2 million is to be appropriated annually to the fund.

The bill provides an operative date of January 1, 2016.

Disposition at Sine Die:

LB 331 was not advanced from the committee and was indefinitely postponed with the end of the legislative session on April 20, 2016.

LB 372 (Craighead) Adopt the First-time Home Buyer Savings Plan Act and provide income tax adjustments

Introduced Version:

The bill creates the First-time Home Buyer Savings Plan Act. Account holder is defined as an individual who individually or jointly establishes an account with a financial institution for which the account holder claims a first-time home buyer's savings account status on his or her state income tax return. A maximum of $50,000 may be contributed to the account for these purposes. A first-time home buyer may then draw funds from the account to pay "eligible costs" which is defined as the down payment and allowable closing costs on settlement statement for the purchase of a single-family home in this state.

Any interest or other income earned on the account is not subject to tax. The bill also provides penalties for use of funds for other than eligible costs.

The bill is operative for taxable years beginning or deemed to being on January 1, 2016.

Disposition at Sine Die:

LB 372 was not advanced from the committee and was indefinitely postponed with the end of the legislative session on April 20, 2016.

LB 396 (Riepe) Allow an income tax credit for certain long-term insurance policies

Introduced Version:

The bill would create a non-refundable individual income tax credit for premiums paid for long-term care insurance.

Current law allows a deduction under the Nebraska Long-Term Care Savings Plan for the amount contributed to the owner's account, not to exceed the maximum contribution amount of $1,000 (or $2,000 if married, filing jointly). Any interest earned on contributions to the account may also be deducted up to the extent the interest is included in federal AGI.

The bill would allow a credit for 25percent of the premiums paid for one or more policies issued on or after January 1, 2016. The credit is limited to "a maximum of three tax years" and may not be used by a person utilizing the deductions described above. The credit may not exceed the lesser of (1) $250 for an individual policy or $500 for a joint policy or (2) the taxpayer's total income tax liability. Any unused credit may not be carried forward.

The bill sets an operative date for all taxable years beginning or deemed to begin on January 1, 2016.

Disposition at Sine Die:

LB 396 was not advanced from the committee and was indefinitely postponed with the end of the legislative session on April 20, 2016.

LB 423 (Nordquist) Change a renewable energy tax credit

Introduced Version:

The bill would substantially alter the existing Renewable Energy Tax Credit program.

Under current law, any producer of electricity generated by a renewable generation facility located in Nebraska that was first placed in operation on or after July 14, 2006, is eligible for a tax credit. The credit for 2013 is $0.00050 per kilowatt-hour for electricity generated at the facility. For 2008 and 2009, the credit was $0.001 per kilowatt-hour of electricity generated at the facility; and for 2010, 2011, and 2012, it was $0.0075 per kilowatt-hour.

To qualify, the facility must use wind, moving water, solar, geothermal, fuel cell, methane gas, or photovoltaic technology as its fuel source. The credit may be earned for up to 10 years after the date the facility is first placed in operation. The total amount of credits that may be used by all taxpayers for all years is limited to $50,000. The credit may be used against the producer's income tax liability or to obtain a refund of sales and use tax paid by the producer, either directly or indirectly. A separate sales and use tax exemption applies to "qualified" personal property used in a C-BED project or community-based energy development project under §77-2704.57. C-BED projects that qualify for the sales tax exemption are not eligible for the credit.

The bill would limit the credit to C-BED projects only, using wind, solar, biomass, or landfill gas as the fuel source for a facility that begins commercial operation on or after the effective date of the bill. (The bill contains neither an effective date nor the emergency clause.) The amount of the credit could be calculated under one of two options, which must be selected by the producer:

> Option One: 1.5 cents for each kilowatt-hour of electricity generated during the first 10 years of operation. If this option is selected, the producer must notify the Department of Revenue before it completes the first 10 years of commercial operation; or
>
> Option Two: A one-time credit of 30 percent of the total cost of construction of the facility, not to exceed $2 million. If this option is selected, the producer must notify the Department of Revenue within one year after commencing commercial operation.

The credit would be fully transferable and could be carried forward for seven years. The credit may be used against individual, corporate, franchise (bank deposits), and insurance premium and retaliatory taxes. The bill repeals use of the credit to obtain a sales tax refund, but not the sales tax exemption under §77-2704.57.

Committee Amendment: Adopted

AM 1103 becomes the bill.

The amendment reduces the amount of the per kilowatt credit from 1.5 cents to a sliding scale of 1 cent for the first two years down to 0.6 cents for the last two years. The amendment also limits the transferability of credits to credits earned by facilities of twenty megawatts or less. It also clarifies that the credits may be used to offset income, premiums and financial institution taxes.

The Department of Revenue must be notified within fifteen calendar days of the transfer of any credits. The credit carry forward is reduced from seven years to five years.

The amendment provides that generating equipment located within one mile of other generating equipment of the same type and power source is treated as part of a single facility. An annual reporting requirement is imposed regarding the actual production at the facility for the previous year

Disposition at Sine Die:

LB 423 was advanced from the committee to General File as amended with 6 ayes and 2 nays. LB 423 failed to advance from Select File and was indefinitely postponed with the end of the legislative session on April 20, 2016.

LB 470 (Hansen) Provide an income tax credit for caregivers

Introduced Version:

The bill creates a new $500 credit against individual income tax for caregivers who are qualified resident individuals which may be non-refundable or refundable.

The non-refundable credit is available to such individuals if:

- Federal AGI is more than 200 percent of federal poverty guidelines but not more than 400percent;
- No credit has been claimed under the federal elderly and disabled credit program (IRC §22); and
- They care for another person who:
  - Resided at the same residence for at least 6 months during the tax year;
  - Is physically or mentally incapable of caring for themselves; and
  - Has income that does not exceed 200 percent of federal poverty guidelines.

The refundable credit is available to such individuals if:

- Federal AGI is not more than 200 percent of federal poverty guidelines; and
- They care for another person who:
  - Resided at the same residence for at least six months during the tax year;
  - Is physically or mentally incapable of caring for themselves; and
  - Has income that does not exceed 200 percent of federal poverty guidelines.

The bill is operative for taxable years beginning or deemed to being on January 1, 2016.

Disposition at Sine Die:

LB 470 was not advanced from the committee and was indefinitely postponed with the end of the legislative session on April 20, 2016.

LB 495 (Pansing Brooks) Increase the earned income tax credit

Introduced Version:

The bill increases the refundable earned income tax credit for Nebraska purposes, which is calculated as a percentage of the federal credit (IRC §32). The current credit is 10 percent and increases to 13 percent and 15 percent, respectively, under the bill for taxable years beginning or deemed to begin on or after January 1, 2016 and January 1, 2017.

Disposition at Sine Die:

LB 495 was not advanced from the committee and was indefinitely postponed with the end of the legislative session on April 20, 2016.

LB 510 (Cook) Provide an income tax credit to employers of public assistance recipients

Introduced Version:

The bill creates a non-refundable credit for employers of certain "eligible employees" against individual and corporate income tax. "Eligible employee" means an individual who is a member of a family that received benefits under the federal Temporary Assistance to Needy Families for any nine months of the 18 month period immediately prior to the employee's hiring date.

The credit is available for taxable years beginning or deemed to begin on January 1, 2016 and may only be claimed for two tax years. The credit amount is 20percent of annual expenditures for the following services provided to eligible employees:

1. Tuition at a Nebraska public institution of postsecondary education;
2. Provision of child care services; or
3. Transportation programs to and from work.

The Department of Revenue is given reporting requirements.

Committee Amendment:

AM 732 would add the costs of a high school equivalency program as an eligible annual expenditure.

Disposition at Sine Die:

LB 510 was unanimously advanced from the committee to General File as amended. The provisions of LB 510 were amended into LB 774 by AM 2422.

LB 559 (Schumacher) Change provisions relating to the treatment of tax credits under the New Markets Job Growth Investment Act

Introduced Version:

Insurance companies are statutorily subject to the corporate income tax. However, most insurers pay tax on premiums and related retaliatory taxes and receive a credit against the corporate income tax for such taxes. The bill clarifies that credits claimed under the New Markets Job Growth Investment Act shall be considered a "payment of tax" for purposes of calculating "taxes paid" as a credit against the corporate income tax for insurers paying premium taxes and related retaliatory taxes.

The bill contains an emergency clause.

<u>Disposition at Sine Die:</u>

LB 559 was advanced from the committee to General File with 7 ayes and 1 absent. LB 559 was passed on Final Reading with Emergency Clause, 45-0-4, and was approved by the Governor on May 27, 2015.

<u>LB 573 (Davis) Adopt the Health Enterprise Zone Act and provide for tax credits</u>

<u>Introduced Version:</u>

The bill creates the Health Enterprise Zone Act and Fund and appropriates $1.8 million to the fund in fiscal years 2015-16, 2016-17, and 2017-18. Qualified taxpayers are entitled to a refundable credit of 100 percent of their expenditures during the tax year related to employing health care professionals or support personnel if the positions are full-time and did not exist in the prior tax year. Pass-through entities must have 90 percent ownership by persons who are subject to Nebraska income tax. The credits may be applied against individual and corporate income tax.

The bill creates a board to advise the University of Nebraska Medical Center regarding the pilot project to create zones. Local public health departments may apply to establish a zone within its geographically defined community. To be approved, the applicant must show:

1. Measurable and documented health disparities and poor health outcome in the zone;
2. That the zone is small enough to allow for the incentives offered under the Act to have a significant impact on improving health outcomes and reducing health disparities;
3. An effective and sustainable plan to reduce health disparities, reduce costs or produce savings to the health care system and improve health outcomes, including the intended us of health services delivery, effectuate community improvements, or conduct outreach and education efforts; and
4. Evidence of a local match of funds committed for the amount requested from this fund in a ratio of one to two so that one-third of the funding for the incentive would be provided by a local match and two-thirds would be provided by this fund.

The bills lists the criteria to be considered by the board in approving applications. Once an applicant has been approved and a zone created, the applicant may award grants to health care facilities and professionals that provide services within the zone for patients who are uninsured and for whom reimbursement is provided under the Medical Assistance Act. The grant applicant must establish that they own or lease a health care facility and provide services from that facility.

An annual report is required each December 15 and in year three of the pilot project shall compare data to baseline data obtained during the first year of the pilot.

The bill contains an emergency clause.

<u>Disposition at Sine Die:</u>

LB 573 was not advanced from the committee and was indefinitely postponed with the end of the legislative session on April 20, 2016.

LB 645 (Nordquist) Adopt the Early Childhood Workforce Development Opportunity Act and provide tax credits

Introduced Version:

The bill creates the Early Childhood Workforce Development Opportunity Act.

The bill creates a nonrefundable tax credit for contributions to one or more qualified granting organizations. The credit is available against individual (including estates and trusts) and corporate income tax, up to 20 percent of the total amount of the contribution. Any unused credit may carried forward for five years. The taxpayer may not specifically designate their contribution for a particular eligible recipient. The taxpayer must notify the organization in advance of its intent to make a contribution and the amount of the proposed contribution. The organization must then request approval from the Department of Revenue for the tax credit. The contribution must be made within 30 days after receiving notice from the organization of the preapproved amount.

An eligible recipient is defined as a Nebraska resident who is an employee of a Nebraska early childhood care and education program participating in the Step Up to Quality Child Care Act at a quality scale rating of step two or higher that serves a minimum annual average of 30 percent of its total enrolled child population through the federal child care assistance program under 42 U.S.C. 618.

A qualified granting organization is defined as a charitable organization in this state that is exempt under §501(c)(3) and is certified pursuant to section 3 of the bill to provide tax-credit-supported early childhood education and retention incentive grants to eligible recipients. The organization must allocate at least 95 percent of its revenue to eligible recipients and no more than five percent for its administrative costs. It must be certified by the State Department of Education.

The aggregate amount of tax credits is:

2016	$300,000
2017	$500,000
2018	$750,000
2019-Forward	$1,000,000

The operative date is January 1, 2016.

Disposition at Sine Die:

LB 645 was not advanced from the committee and was indefinitely postponed with the end of the legislative session on April 20, 2016.

LB 683 (Craighead) Change provisions relating to homestead exemptions for surviving spouses

Introduced Version:

This bill adds an un-remarried surviving spouse or a surviving spouse of a veteran who remarries after the age of 57 to be eligible for a homestead exemption.

Operative date of January 1, 2017.

Disposition at Sine Die:

LB 683 was unanimously advanced from the committee to General File. LB 683 passed on Final Reading with Emergency Clause, 47-0-2, and was approved by the Governor on April 18, 2016.

LB 685 (Bolz) Adopt the Student Loan Repayment Tax Credit Act

Introduced Version:

The bill provides a nonrefundable credit against income taxes for qualified businesses that repay a qualified employee's student loan principal and interest directly to the appropriate party. The credit is equal to 50 percent of the loan repayment, up to a maximum amount of $1,800 per employee per taxable year. The credit may be claimed for up to 20 employees and may be claimed for tax years beginning or deemed to begin on or after January 1, 2017.

An application form must be submitted to the Department of Revenue. The Department will determine if the employer qualifies for the credit and will approve the applications in the order in which they are received. The Department may approve credits up to $1,500,000 in any tax year with 25 percent of the credits each year going to employers with no more the 50 employees.

Any unused credits may be carried forward until fully utilized. The Department is authorized to recapture such credits if the employer fails to make the required loan payments.

The employer must have:
1. One or more qualified employees in Nebraska;
2. Be subject to income tax; and
3. Be physically located in Nebraska.

A qualified employee must be:
1. Employed for 480 hours in Nebraska during the taxable year;
2. Graduate of a 2 or 4 year college or university accredited by U.S. Department of Education;
3. Graduate of a qualified school in this state;
4. Incurred student loans while attending a qualified school

Committee Amendment:

AM 2475 becomes the bill. It adds a five year sunset date to the credit and allows banks to qualify for the employer credit. It removes the requirement that the employee have graduated from a Nebraska college and requires the employer to add back any amount deducted federally for the repayment of student loans claimed as part of the credit.

Disposition at Sine Die:

LB 685 was unanimously advanced to General File as amended. However, LB 685 was indefinitely postponed with the end of the legislative session on April 20, 2016.

LB 797 (Schumacher) Change provisions relating to the accrual of interest on denied and reduced homestead exemptions

Introduced Version:

This bill will allow a county to collect interest on a homestead exemption request that has been denied or reduced. The interest will begin to accrue on the amount of the tax due 30 days after the county assessor receives approval from the county board to remove or reduce the homestead exemption.

The bill has an operative date of January 1, 2017.

Disposition at Sine Die:

LB 797 was not advanced from the committee and was indefinitely postponed with the end of the legislative session on April 20, 2016.

LB 870 (B. Harr) Provide an income tax credit to graduates of certain educational institutions

Introduced Version:

The bill will provide a nonrefundable credit against an undergraduate's income tax beginning with the January 1, 2017 tax year. The credit is available for the first five taxable years after the individual has received an undergraduate degree from an accredited educational institution.

To be eligible for this nonrefundable tax credit, the individual shall have:

- Earned an associate degree or a bachelor's degree from an accredited educational institution;
- Completed the degree requirements in five consecutive calendar years or less; and
- Had a cumulative GPA of 2.0 on a 4-point scale, or an equivalent grading scale.

The amount of the credit is found in the following tables:

Married Filing Jointly - FAGI	Amount of Credit
Less than $120,000	$2,500
$120,001 to $200,000	$1,875
$200,001 to $300,000	$1,250
$300,001 to $400,000	$625
More than $400,000	0

All Other Filers - FAGI	Amount of Credit
Less than $60,000	$2,500
$60,000 to $100,000	$1,875
100,001 to 150,000	$1,250
$150,001 to $200,000	$625
More than $200,000	0

Disposition at Sine Die:

LB 870 was not advanced from the committee and was indefinitely postponed with the end of the legislative session on April 20, 2016.

LB 886 (Davis) Adopt the Volunteer Emergency Responders Incentive Act and provide income tax credits

Introduced Version:

The bill creates the Volunteer Emergency Responders Incentive Act. It provides a refundable income tax credit of $250 for “volunteers” as defined in the bill. The credit may be claimed for taxable years beginning or deemed to begin on or after January 1, 2017 but may not be claimed by the volunteer until the second taxable year in which they have been designated.

The designation of qualified volunteers - active emergency responders, rescue squad members and volunteer firefighters - is based on minimum service requirements outlined in the bill. Each city, village, or rural or suburban fire protection district must file a list of certified volunteers with the Department of Revenue no later than February 15 for each immediately preceding calendar year.

Disposition at Sine Die:

LB 886 was unanimously advanced from the committee to General File. LB 886 was passed on Final Reading, 46-0-3. LB 886 was approved by the Governor on April 18, 2016.

LB 888 (Mello) Change provisions relating to tax credits under the Nebraska Job Creation and Mainstreet Revitalization Act

Introduced Version:

This bill provides an insurance premium tax fix for historic tax credits and fixes the same issue as LB559 from last session. The bill adds an offset for retaliatory taxes under the Nebraska Job Creation and Mainstreet Revitalization Act.

This bill contains the Emergency Clause.

Disposition at Sine Die:

LB 888 was advanced from the committee to General File with 5 ayes and 3 nays. The provisions of LB 888 were amended into LB 774 by AM 2422.

LB 889 (Mello) Adopt the School Readiness Tax Credit Act

Introduced Version:

The bill creates the School Readiness Tax Credit Act which creates multiple, refundable credits for individuals and businesses for eligible child care and education services provided to pre-kindergarten children. The amounts of the credits are scaled based on the quality rating system and improvement system under the Step Up to Quality Child Care Act.

For Individuals:

1. The credit is available if the individual received a Nebraska Dependent Care Credit, which is:
   - If AGI is greater than $29,000, a nonrefundable credit equal to twenty-five percent of the federal credit;
   - If AGI is $29,000 or less, a refundable credit equal to a percentage of the federal credit which is 100percent for incomes not greater than $22,000, and the percentage shall be reduced by 10percent for each $1,000 or fraction thereof, by which the reported federal AGI exceeds $22,000

2. The credit equals the amount of the dependent care credit multiplied by a percentage based on the quality scale rating of the eligible programs:

   Scale of 1 = 0percent
   Scale of 2 = 50percent
   Scale of 3 = 100percent
   Scale of 4 = 150percent
   Scale of 5 = 200percent

3. The credit is calculated for each eligible child separately and does not appear to have a cap;

4. The credit is in addition to the dependent care credit.

For Providers:

1. A refundable credit is allowed for any child care and education provider whose eligible program provides services to children under the child care subsidy program under Section 68-1202;
2. The credit is calculated by multiplying the average monthly number of children participating in an eligible program multiplied by the quality scale rating as follows:

   Scale of 1 = $0
   Scale of 2 - $750
   Scale of 3 = $1,000
   Scale of 4 = $1,250
   Scale of 5 = $1,500

For Staff:

Defined as eligible staff, a refundable credit based on their classification as follows:

Scale of 1 = $1,500
Scale of 2 = $2,000
Scale of 3 = $2,500
Scale of 4 = $3,000

For Eligible Businesses:

1. A refundable credit equal to a percentage of eligible expenses incurred at an eligible facility or for an eligible program based on the quality scale rating of its programs not to exceed $50,000 per tax year;

2. A refundable credit for payments to an eligible program not to exceed $5,000 per child per tax year; and
3. A refundable credit for purchasing slots at eligible programs for children of employees not to exceed $50,000 per tax year.
4. The percentage of eligible expenses are also based on the quality scale:

   Scale of 1 = 0 percent
   Scale of 2 = 5 percent
   Scale of 3 = 10 percent
   Scale of 4 = 15 percent
   Scale of 5 = 20 percent

The credit amounts are to be indexed for inflation each year. Credits granted but later disallowed may be recaptured for up to 3 years after they are claimed on a return.

Committee Amendments: Adopted

AM 2490 becomes the bill. It removes both the business expense credit and the individual (parent) credit. It changes the staff credit by reducing the credit amounts, inserting a "floor" or starting point for eligibility based on a minimum certification and by excluding certificated teaching and administrative staff from the definition of eligible staff so as to exclude school district staff. It changes the program credit by reducing the credit amounts, eliminating eligibility for Step 2 programs and adds "or operates" to the definition of child care and education providers to include nonprofit child care and education providers. A five year sunset is imposed on the credits along with a $5 million annual cap and makes the provider credit nonrefundable.

Disposition at Sine Die:

LB 889 was unanimously advanced from the committee to General File as amended. LB 889 was passed on Final Reading, 42-5-2, and approved by the Governor on April 18, 2016.

LB 926 (B. Harr) Adopt the Nebraska Rural Jobs Act and provide tax credits

Introduced Version:

No summary available.

Disposition at Sine Die:

Bill withdrawn by the introducer on January 26, 2016.

LB 951 (B. Harr) Adopt the Affordable Housing Tax Credit Act

Introduced Version:

The bill creates the Nebraska Affordable Housing Tax Credit Act which mirrors the federal Low Income Housing Tax Credit ("LIHTC") program. The federal program has been in place for many years as a tax incentive to provide low-income housing throughout the country. The federal credits are assignable – i.e. transferable. The federal program is administered at the state level via an allocation of credits to each state, which in Nebraska is then administered through the Nebraska Investment Finance Authority ("NIFA").

The bill would allow non-refundable but assignable credits to be allocated to qualified taxpayers as defined in the bill. The annual amount of credits to be distributed would be capped at the amount of federal credits available in the same year. For 2015 and 2016, NIFA estimates a total of $4.8 million in federal credits for Nebraska. This amount does not include credits that may be recaptured under the LIHTC.

NIFA will administer the state credits, including determining qualifying projects for which credits will be allowed. An eligibility statement will be issued to the owner of qualifying projects. Credits will be issued "for the first six years of the credit period" as defined under federal law and may only be awarded to projects that are placed in service after January 1, 2017.

Technical Notes:

- The bill states that credits may be claimed "on tax returns filed after January 1, 2018." Perhaps it should be clarified to state "for tax years beginning or deemed to begin on or after January 1, 2018."
- The bill states that "credits claimed but not used in a taxable year may be carried forward." There is no carryover limitation provided in the bill;
- The eligibility statement is required to be attached to the tax return when claiming the credits. However, the bill states that if NIFA has not yet issued an eligibility statement "the owner may later amend the return to include the eligibility statement." There is no further language in the bill to clarify this statement.

Disposition at Sine Die:

LB 951 was not advanced from the committee. The provisions of LB 951 were amended into LB 884 by AM 2522.

LB 1048 (B. Harr) Adopt the Nebraska Agriculture and Manufacturing Jobs Act and provide tax credits

Introduced Version:

The bill creates the Nebraska Agriculture and Manufacturing Jobs Act. It is intended to mirror the federal Rural Business Investment Program administered through the U.S. Department of Agriculture.

The program allows for the certification of small business growth funds by the Department of Revenue. The fund manager is authorized to issue tax credit certificates to certain qualified investors up to a specified amount. Investors may purchase an equity interest in the fund or purchase a debt instrument. The fund manager must invest such funds in qualified small businesses that are located in rural areas or are qualified small manufacturing businesses that may be located anywhere in the state. The fund manager must make the investments within a set time period and must maintain the investments for a period of five years.

Eligible investors are allowed to claim the tax credits against any income taxes, premium taxes or retaliatory taxes. 20percent of the credits may be claimed in each of years 3, 4 and 5 of the investment period and 10percent in year 6. The total amount of tax credits that may be issued for the entire program is capped at $70 million. The total amount of eligible investment authority approved may not exceed $100 million.

The fund managers must file reports with the Department of Revenue which include, among other things, the number of employment positions created by the small businesses and their average annual salaries.

Committee Amendment:

AM 2930 removes the total program cap of $70 million and replaces it with a $5 million per year cap on the credits.

Disposition at Sine Die:

LB 1048 was advanced to General File from the committee with 7 ayes and 1 nay but was indefinitely postponed with the end of the legislative session on April 20, 2016.

LB 1051 (B. Harr) Redefine qualified business under the Nebraska Advantage Act

Introduced Version:

The bill adds one additional qualified business activity to the existing list of qualified activities under the Nebraska Advantage Act.

Under current law, “data processing” is a qualified business activity. The bill would add “data analysis” to the list. There is no statutory definition of either term.

Committee Amendment: pending

The amendment becomes the bill. In addition to adding "data analysis" to the definition of a qualified business activity under the Nebraska Advantage Act, the amendment defines that term.

Disposition at Sine Die:

LB 1051 was unanimously advanced from the committee to General File but was indefinitely postponed with the end of the legislative session on April 20, 2016.

LB 1085 (Davis) Change a renewable energy tax credit

Introduced Version:

LB 1085 will enhance the state-level production tax credit for renewable electric generation facilities placed into operation on or after the date this Act. The tax credit becomes operative in counties with populations under 7,000. The credit would be calculated under one of two methods:

- Method 1: A sliding scale tax credit of 1 cent for the first two years down to 0.6 cents tax for the last two years per each kilowatt-hour of electricity generated by a renewable electric generation facility. The generation facility must qualify as a community-based energy development (CBED) project that begins commercial operation on or after the effective date of this Act; or
- Method 2: A one-time credit equal to 30 percent of the total cost of construction of any renewable electric generation facility that begins commercial operation on or after the effective date of this Act.

- This credit shall not exceed $2 million.

The producer earning the credit would select which of the methods to calculate the tax and will notify the Department of Revenue of its selection. Transferability of credits is limited to credits earned by facilities of 20 megawatts or less, and must be reported to the Department of Revenue within 15 days of the transfer.

The renewable energy tax credits provided by this bill will terminate on December 31, 2022 unless the Legislature extends the program.

Disposition at Sine Die:

LB 1085 was not advanced from the committee and was indefinitely postponed with the end of the legislative session on April 20, 2016.

LB 1104 (Larson) Provide for tax incentives, intent provisions, and revenue-sharing agreements relating to Native Americans

Introduced Version:

The bill provides for exemptions relative to businesses and transactions occurring on Native American reservations.

The bill "clarifies" the Legislature's intent with regard to tribal taxes. Generally, under current law, members of a Tribe living on a reservation are not subject to state taxes on property or transactions occurring on the reservation, but income earned off the reservation is subject to tax. Non-Tribal persons or entities are subject to all state taxes.

Under current law, Nebraska has executed revenue sharing agreements with the Tribes regarding motor fuel taxes. These agreements allow each Tribe to impose its own Tribal tax on all fuel sales on the reservation at the same rate and basis as the state motor fuels tax and the revenue is shared with the state in a predetermined ratio. These agreements specify that they are in lieu of the exemption from state motor fuel excise tax allowed to Native American purchasers on the reservation.

LB 1104 would exempt qualified businesses from paying income taxes if they are located in a "special economic zone" which is defined as a Tribal reservation under Section 43-1503. A qualified business is not required to be owned by a Tribe or Tribal member. The bill does not contain language to authorize a revenue sharing agreement with the state in lieu of state income taxes nor does it require or allow the Tribe to impose a Tribal income tax on such businesses.

LB 1104 does provide for a revenue sharing agreement with a Tribe that imposes a Tribal sales and use tax. The tax does not have to be equal in rate or base to the state sales and use taxes. 20percent of the revenue is to be shared with the State. However, LB1104 states that "qualified businesses as a group" are exempt from sales and use tax on the first $10,000,000 of purchases. This exemption does not require that the qualified business be located on the reservation or in a special economic zone. Therefore, it would apply across the state, not just on reservations.

The bill requires the Department of Revenue to enter into a revenue sharing agreement that meets the requirements of the sales and use tax provisions.

It requires NIFA to award bonus points under its scoring system for federal low income housing tax credits to any project located in a special economic zone.

The bill also requires a community college with an area that includes a reservation to remit 15percent of the property taxes it collects on real property on such reservation to the tribally controlled community colleges in the state.

Disposition at Sine Die:

LB 1104 was not advanced from the committee and was indefinitely postponed with the end of the legislative session on April 20, 2016.

Miscellaneous

LB 68 (Schumacher) Eliminate stepped-up basis of inherited real estate

Introduced Version:

The bill addresses the issue of taxing gains on the sale of real estate. In general, when real estate is sold, the taxable gain is the difference between the sellers basis in the property (what they originally paid for the property) and the proceeds received from the buyer. However, under federal law, real estate acquired from a decedent is given special treatment when it is sold. The recipient of the property is allowed to "step up" their basis from what the decedent paid for the property to the fair market value of the property at the date of the decedent's death.

The bill would disallow this special treatment for Nebraska income tax purposes. It would require the recipient who sells such inherited property to use the original basis of the decedent rather than fair market value at date of death. This will result in a much larger taxable gain. Taxpayers would be required to add back the larger amount of taxable gain to federal AGI when calculating Nebraska income tax.

The additional income taxes generated by the add-back requirement would not flow to the General Fund but would be diverted to the Property Tax Credit Cash Fund.

The bill is operative for taxable years beginning or deemed to begin on January 1, 2016.

Disposition at Sine Die:

LB 68 was not advanced from the committee and was indefinitely postponed with the end of the legislative session on April 20, 2016.

LB 70 (Schumacher) Authorize an occupation tax on certain mechanical amusement devices

Introduced Version:

This bill would allow a city, village, or county to levy an occupation tax on a business that operates a mechanical amusement device that awards a monetary prize or anything redeemable for a monetary prize.

The Tax Commissioner will collect the occupation tax and remit the monthly proceeds to the city, village or county that levies the tax.

The occupation tax will be equal to 10 percent of the gross revenue derived from the mechanical amusement device.

Committee Amendments: Adopted

AM 118 clarifies the type of mechanical amusement device that will be subject to the additional occupation tax and to change the imposition of the tax from the city or county level to the state.

Disposition at Sine Die:

LB 70 was unanimously advanced from the committee to General File as amended. LB 70 was passed on Final Reading with the Emergency Clause, 35-11-3. LB 70 was vetoed by the Governor on May 27, 2015. No motion to override the veto was filed.

<u>LB 73 (Schumacher) Adopt the Modern Tax Act</u>

<u>Introduced Version:</u>

The bill creates the Modern Tax Act which imposes a tax of 5.5 percent on interest paid on loans. The tax would be the obligation of the debtor but would be collected by lender. The tax would be due at the same time as any regularly scheduled payment on the loan. Loans subject to the tax include mortgages, auto loans, commercial paper and any loans secured by filing under the Uniform Commercial Code, but excludes government loans or publicly traded bonds.

The effective date of the bill is January 1, 2016.

Notes:

- The tax is not specifically designated as a sales tax or any other type of tax. However, such a tax could be interpreted as a property tax on intangible property. The Nebraska Constitution still contains two provisions addressing intangible taxation, although such taxes were repealed from statute in 1967.

- The two constitutional provisions allow the Legislature to classify intangibles and tax the classes created at varying rates. They also provided specific exemptions for pension, profit-sharing and other employee benefit plans, life insurance and annuity contracts and retirement funds.

<u>Disposition at Sine Die:</u>

LB 73 was not advanced from the committee and was indefinitely postponed with the end of the legislative session on April 20, 2016.

<u>LB 123 (Schumacher) Change provisions relating to the payment of warrants</u>

<u>Introduced Version:</u>

The bill covers warrants issued by the State Treasurer or the treasurer of any county, city, school district, learning community, or other municipal corporation. Current law requires the warrants to be registered in their order of presentation. The bill would clarify that warrants are to be registered according to the proper fund and will be paid from the proper fund, when there is sufficient money in the fund.

The bill also changes references to “his” and “his or her” to “the treasurer.”

No operative date is stated.

<u>Disposition at Sine Die:</u>

LB 123 was unanimously advanced from the committee to General File. LB 123 was passed on Final Reading, 47-0-2, and was approved by the Governor on May 26, 2015.

LB 156 (Stinner) Change the amount of credits allowed and reporting requirements under the Angel Investment Tax Credit Act

Introduced Version:

The bill increases the annual limit on funds available for distribution under the Angel Investment Tax Credit Act. The program is currently capped at $3,000,000 per year and the bill would raise this amount to $5,000,000. Angel Investment credits are refundable.

The bill does not specify an operative date.

Committee Amendments: Adopted

AM 645 limits the increase in funding from two million dollars to one million dollars.

Disposition at Sine Die:

LB 156 was unanimously advanced from the committee to General File as amended. LB 156 passed on Final Reading with Emergency Clause, 46-0-3, and was approved by the Governor on May 27, 2015.

LB 162 (Schumacher) Change provisions relating to sales of real property for nonpayment of taxes

Introduced Version:

This bill refers to tax sales certificates. It affects the rate of interest a land bank may bid for property being sold due to nonpayment of taxes. The bill repeals the round robin format for conducting the sale of tax certificates.

New language in the bill would prohibit bidders purchasing property due to nonpayment of taxes at a public auction from colluding to obtain a more favorable interest rate.

Disposition at Sine Die:

LB 162 was not advanced from the committee and was indefinitely postponed with the end of the legislative session on April 20, 2016.

LB 170 (Gloor) Change distribution of the Sports Arena Facility Support Fund

Introduced Version:

In 2014, LB867 passed containing, among other provisions, a change in the timing of distributions to the City of Ralston under the Sports Arena Financing Assistance Act. In addition to the transfer of certain funds to the City of Ralston, the Act requires:

> **§13-3108** (9) The thirty percent of state sales tax revenue remaining after the appropriation and transfer in subsection (3) of this section shall be appropriated by the Legislature to the Civic and Community Center Financing Fund.

LB867 did not change the timing of the transfer of this portion of the funds. A request was received from the office the State Treasurer to make the same timing change apply to this transfer of funds so as to allow the Treasurer to make all transfers from the fund at the same time.

Disposition at Sine Die:

LB 170 was unanimously advanced from the committee to General File. LB 170 was passed on Final Reading, 49-0-0, and was approved by the Governor on February 26, 2015.

LB 171 (Gloor) Update references to the Internal Revenue Code

Introduced Version:

Nebraska conforms its tax statutes to the Internal Revenue Code, with some exceptions. This is the annual conformity bill which conforms our code to the IRC as it exists on a date certain. That date is the effective date of the bill.

Disposition at Sine Die:

LB 171 was unanimously advanced from the committee to General File. LB 171 was passed on Final Reading, 49-0-0, and was approved by the Governor on February 26, 2015.

LB 201 (Davis) Change provisions relating to uranium severance taxes

Introduced Version:

No summary available.

Disposition at Sine Die:

LB 201 was withdrawn by the introducer on January 23, 2015.

LB 246 (Sullivan) Redefine a term under the Nebraska Advantage Microenterprise Tax Credit Act

Introduced Version:

The bill amends the definition of a microbusiness under the Nebraska Advantage Microenterprise Tax Credit Act. Currently, a farm or livestock operation is disqualified if the person "actively engaged" in the operation of the microbusiness has a net worth of $350,000. The bill would increase this limit to $500,000 of net worth.

Disposition at Sine Die:

LB 246 was unanimously advanced from the committee to General File. LB 246 was passed on Final Reading, 47-0-2, and was approved by the Governor on May 26, 2015.

LB 260 (Gloor) Authorize the Property Tax Administrator to correct certain errors

Introduced Version:

The bill would allow the Property Tax Administrator to correct errors affecting valuation of centrally assessed property. Such corrections are not currently allowed once the value is certified to the county or the tax was distributed to the county. The PTA would be authorized to correct such errors with three years of certification and/or distribution.

The bill contains the emergency clause.

Disposition at Sine Die:

LB 260 was unanimously advanced from the committee to General File. LB 260 was passed on Final Reading with Emergency Clause, 46-0-3, and was approved by the Governor on March 5, 2015.

LB 261 (Gloor) Change revenue and taxation provisions

Introduced Version:

This bill is the Department of Revenue's annual technical corrections bill. It addresses the following:

1. Remove obsolete references to the Property Tax Administrator assuming the assessment duties for certain counties (page 1 lines 13-17, page 5 lines 4-6, page 7 line 7, page 11 lines 16-18, page 13 line 3, page 24 lines 5-8);
2. Removes unnecessary language regarding disclosure of tobacco tax information, which is not confidential (page 8 lines 16-21, page 14 lines 30-31, page 15 line 1);
3. Corrects language from LB402 (2014) defining "qualified owner" under the Community-Based Energy Development Act, by removing the requirement that all members of an LLC must be Nebraska residents, as shareholders of traditional C corporations are not required to be Nebraska residents (page 10 lines 27 and 28) and to include domestic corporations organized under both the Business Corporation Act and the Model Business Corporation Act (page 11 line 8);
4. Clarifies that miscellaneous tax information may be disclosed to other tax or law enforcement agencies (page 11 lines 25-28, page 16 lines 9-11);
5. Clarifies that air carriers property is protected from discriminatory taxation in a similar manner as railroad and other public utilities under federal law (page 12 lines 5-25);
6. Clarifies that interest will not be paid on refunds for a renewable electric generation facility (page 17 lines 30-31) or under the historic preservation credit (page 18 lines 14-15);

The bill contains the emergency clause.

Committee Amendments: Adopted

AM 44 strikes sections 5 and 18 to remove unnecessary changes to ownership requirements under Rural Community-Based Energy Development Act.

Disposition at Sine Die:

LB 261 was unanimously advanced to General File as amended. LB 261 was passed on Final Reading with Emergency Clause, 47-0-2, and was approved by the Governor on March 5, 2015.

<u>LB 321 (Bolz) Adopt the Nebraska Industrial New Job-training Act and authorize certain payments and taxes</u>

<u>Introduced Version:</u>

The bill creates the Nebraska Industrial New Job-training Act. Under the Act, employers who create new jobs in Nebraska will be authorized to contract with a community college to provide training for the new employees. The funding for such contracts will be the state income tax withholding for the new employee that would otherwise be due to the State. The withholding would instead be paid to the community college. The amount of the withholding is based on the amount of wages paid to the new employee multiplied by 1 ½ or 3 percent. The community college is authorized to issue bond certificates to cover the costs of the training and the withholding payments would be used to retire the principal and interest on the bond certificates.

Participants must be engaged in the businesses of manufacturing, processing, or assembling products, conducting research and development, operating e-fulfillment centers or providing services. Excluded from participating are business engaged in retail, health or professional services. A business that closes or substantially reduces its operation in one area of the state and relocates substantially the same operation to another area of the state is excluded.

The bill provides specific authority and restrictions upon the governing board of a community college with respect to issuing, refunding or exchanging bonds for an approved projects. Bonds may be issued for a single project or multiple projects. The community colleges are required to make a special annual property tax assessment not to exceed two cents per $100 of taxable value and maintain this “standby tax” to retire the bonds, if necessary.

Applications are to be made to the Department of Economic Development (“DED”) which is authorized to approve the projects that meet certain requirements. Agreements may then be executed between the community college and the employer. However, the Department of Revenue (“DOR”) is required to develop a tracking system for the agreements. Both the employer and the community college are required to file reports with DOR substantiating the amount of withholding diverted for the projects. If an agreement requires any payments to be made by the employer, such payments become liens against the business property until paid. Community colleges are required to file reports with DED, DED is required to file an annual report with the Revenue Committee, as is DOR. DED may promulgate regulations.

The bill defines relevant terms, including but not limited to, Nebraska average wage, new job and project costs.

The bill does not contain an effective date.

<u>Disposition at Sine Die:</u>

LB 321 was not advanced from the committee and was indefinitely postponed with the end of the legislative session on April 20, 2016.

LB 408 (Kolterman) Eliminate provisions relating to penalties for corporations and companies that fail to pay taxes

Introduced Version:

The bill would change the criminal penalty provisions for willful failure by a corporation or any company to pay taxes which have become delinquent. §77-1726 provides for specific notice to the corporate officer or agent regarding the delinquent tax by the county treasurer. Failure to pay after notification by the treasurer allows for prosecution as a Class IV felony. The bill would change the charge to a Class IV misdemeanor if the delinquent tax is less than $1,000.

Committee Amendments: Adopted

AM 586 becomes the bill and outright repeals this provision of statute. County treasurers would therefore no longer be required to comply with this section.

Disposition at Sine Die:

LB 408 was unanimously advanced to General File as amended. LB 408 was passed on Final Reading, 46-0-3, and was approved by the Governor on May 26, 2015.

LB 453 (Hilkemann) Change provisions relating to motor vehicle taxes

Introduced Version:

This bill would provide a seller who transfers ownership of any motor vehicle or trailer in a private transaction will not be taxed for the month of the disposition.

Disposition at Sine Die:

LB 453 was not advanced from the committee and was indefinitely postponed with the end of the legislative session on April 20, 2016.

LB 538 (Legislative Performance Audit Committee) Require audits of tax incentive programs under the Legislative Performance Audit Act and change tax incentive sunset dates

Introduced Version:

The bill makes numerous changes to the performance audit of tax incentive programs:

- It defines the term "tax incentive performance audit" as an evaluation of tax incentive programs under §50-1209, which provides that "Upon approval of an audit plan pursuant to section 50-1208, the agency shall be notified in writing of the specific scope of the audit and the projected deadline for completion of the office's report. If the office needs information from a political subdivision or entity thereof to effectively conduct a performance audit of an agency, the political subdivision or entity thereof shall provide information, on request, to the office";
- It adds the chair of the Revenue Committee and one other member of the committee as nonvoting members of the Performance Audit Committee for tax incentive performance audits;
- It requires tax incentive audits to be initiated as provided in §50-1209;

- It amends §50-1208 by again providing that "Upon approval of the audit plan, the agency shall be notified in writing of the specific scope of the audit and the projected deadline for completion of the office's report. If the office needs information from a political subdivision or entity thereof to effectively conduct a performance audit of an agency, the political subdivision or entity thereof shall provide information, on request, to the office.";
- It provides that tax incentive performance audits shall be conducted by the office of Legislative Audit ("the office") on all existing tax incentive programs and "any other tax incentive program created by the Legislature for the purpose of recruitment or retention of businesses in Nebraska";
- In determining whether a future tax incentive program is for the purpose of recruitment or retention of businesses in Nebraska, the office "shall consider legislative intent, including legislative statements of purpose and goals and may consider whether the program is promoted as a business incentive by the Department of Economic Development" or other state agency;
- It requires the office to develop and update a schedule for conducting performance audits of tax incentive programs so that each program is audited at least once every three years;
- Each tax incentive performance audit shall include an analysis of whether the program is meeting the following goals:
    - Strengthening the state's economy by attracting new business, expanding existing business, increasing employment, creating high-quality jobs and increased business investment;
    - Revitalizing rural and other distressed areas;
    - Diversifying the state's economy and stimulating entrepreneurial, high-tech, and renewable energy firms;
    - Any other program-specific goals in the statutes;
    - An analysis of economic and fiscal impacts, including the extent to which tax incentives change business behavior, positive direct and indirect impacts, negative effects on other Nebraska businesses, and a comparison of results of other economic development strategies;
    - An assessment of whether adequate protections are in place to ensure fiscal impact of incentives does not increase beyond the state's expectations in future years;
    - An assessment of fiscal impact to local governments; and
    - Recommendations for changes to allow ease of evaluations;
- Each tax incentive performance audit report is to be presented to a joint hearing of the Appropriations and Revenue Committees.
- It amends §50-1212 to allow the Performance Audit Committee to waive the requirement for agencies to provide a written implementation plan to accomplish each of the recommendations in the committee report.

Finally, the bill extends the sunset dates for three of the tiers under the Nebraska Advantage Act as follows:

Tier 1 is extended from 2017 to 2019;

Tier 3 is extended from 2017 to 2019; and

Tier 6 is extended from 2018 to 2020.

The bill contains an operative date of January 1, 2016.

Disposition at Sine Die:

LB 538 was unanimously advanced to General File. AM 944, introduced by Senator Watermeier, eliminated the changes to the sunset dates on Tier 1, Tier 3 or Tier 6, and included a December 31, 2019 sunset date on new applications for the New Markets Job Growth Investment Act, the Nebraska Advantage Rural Development Act, and the Nebraska Job Creation and Mainstreet Revitalization Act.

LB 538 was passed on Final Reading, 46-0-3, and was approved by the Governor on May 27, 2015.

LB 550 (B. Harr) Change provisions relating to the Municipal Equalization Fund

Introduced Version:

This bill would repeal the 3 percent administrative fee deducted from the sales and use tax collections that is currently remitted to the Municipal Equalization Fund (MEF).

The General Fund will supplement MEF if the amount of monies in MEF is less than the state aid for all municipalities. The supplement from the General Fund will be limited to the equivalent of 3 percent of the sale and use tax collected by the Tax Commissioner. If the supplemental monies from the General Fund are still less than the amount of state aid required, MEF payments shall be prorated.

The bill contains an operative date of October 1, 2015

Disposition at Sine Die:

LB 550 was not advanced from the committee and was indefinitely postponed with the end of the legislative session on April 20, 2016.

LB 587 (McCollister) Change the motor vehicle tax schedules

Introduced Version:

This bill would change the motor vehicle tax for tax year 2016 and tax year 2017. Motor vehicle taxes are calculated by multiplying the base tax by the fraction that corresponds to the age of the vehicle. The current rates are applied until a vehicle is 14 years old.

For tax year 2016, the fractions are reduced for the first 13 years of a vehicle's life. For tax year 2016, the fractions are reduced until the 10th year. For tax year 2017, vehicles are only taxed through the first 11 years of the vehicle's life.

Current Rate		Tax Year 2016 Rate		Tax Year 2017 & After Rate	
Year	**Fraction**	**Year**	**Fraction**	**Year**	**Fraction**
First	1.00	First	0.95	First	0.95
Second	0.90	Second	0.85	Second	0.85
Third	0.80	Third	0.75	Third	0.75
Fourth	0.70	Fourth	0.65	Fourth	0.65
Fifth	0.60	Fifth	0.55	Fifth	0.55
Sixth	0.51	Sixth	0.45	Sixth	0.45
Seventh	0.42	Seventh	0.35	Seventh	0.35
Eighth	0.33	Eighth	0.25	Eighth	0.25
Ninth	0.24	Ninth	0.20	Ninth	0.20
Tenth & Eleventh	0.15	Tenth	0.15	Tenth	0.15
		Eleventh	0.10	Eleventh	0.10
Twelfth & Thirteenth	0.07	Twelfth & Thirteenth	0.07	Twelfth & Older	0.00
Fourteenth & Older	0.00	Fourteenth & Older	0.00		

The bill contains an operative date of January 1, 2016.

Disposition at Sine Die:

LB 587 was not advanced from the committee and was indefinitely postponed with the end of the legislative session on April 20, 2016.

LB 608 (Mello) Change revenue and taxation provisions

Introduced Version:

The bill exempts property which is acquired by a person operating within a workforce development zone from the property tax. A workforce development zone is defined as "a place in which Nebraska's academic institutions and the private sector collaborate to strengthen and enhance Nebraska's investment in its education system to promote career development and vocational training, and to create good jobs aimed at keeping the children of Nebraskans in Nebraska while also attracting talent and private sector investment from across the country."

The bill changes the due date for filing personal property tax returns from May 1 of each year to May 15. All subsequent references in the property tax statutes to the date May 1 are changed to May 15. It amends the sales and use tax statutes to require all retailers to maintain their records for four years instead of three.

The bill requires the Auditor of Public Accounts and the Legislative Auditor to provide the Tax Commissioner with 60 days' notice rather than 30 days' notice of the beginning of an audit.

The bill sets the operative date as January 1, 2016.

Disposition at Sine Die:

LB 608 was not advanced from the committee and was indefinitely postponed with the end of the legislative session on April 20, 2016.

LB 610 (Smith) Change motor fuel excise taxes

Introduced Version:

This bill gradually increase the portion of the gas tax allocated to the Department of Roads. The current tax is 7.5 cents per gallon.

Through December 31, 2015	7.5 cents per gallon
January 1, 2016 through December 31, 2016	8 cents per gallon
January 1, 2017 through December 31, 2017	8.5 cents per gallon
January 1, 2018 through December 31, 2018	9 cents per gallon
January 1, 2019 and thereafter	9.5 cents per gallon

The bill gradually increases the portion of the gas tax allocated to cities and counties. The current tax is 2.8 cents.

Through December 31, 2015	2.8 cents per gallon
January 1, 2016 through December 31, 2016	3.8 cents per gallon
January 1, 2017 through December 31, 2017	4.8 cents per gallon
January 1, 2018 through December 31, 2018	5.8 cents per gallon
January 1, 2019 and thereafter	6.8 cents per gallon

Disposition at Sine Die:

LB 610 was advanced from the committee to General File with 5 ayes, 2 nays and 1 absent. LB 610 was passed on Final Reading, 26-15-8, and was vetoed by the Governor on May 7, 2015. A motion to override the Governor's veto was filed. LB 610 was passed notwithstanding the objections of the Governor, 30-16-3.

LB 725 (Schumacher) Provide an exception to a filing requirement relating to conveyances of real estate

Introduced Version:

A Real Estate Transfer Statement (Form 521) will not be a required filing with the register of deeds for utility easements.

A utility easement is defined as "an express right conveyed to a utility company or political subdivision that provides utility service to use and access the grantor's property for the purpose of installing, operating, repairing, maintaining, or service any gas, electric, water, telecommunications, or sewer lines and facilities."

Committee Amendments: Adopted

AM2011 becomes the bill. It clarifies that a Real Estate Transfer Statement need not be filed with regard to an easement unless it is a conservation easement.

Disposition at Sine Die:

LB 725 was unanimously advanced from the committee to General File as amended. LB 725 passed on Final Reading, 46-0-3, and was approved by the Governor on April 6, 2016.

LB 756 (Legislative Performance Audit Committee) Terminate the Long-Term Care Savings Plan Act

Introduced Version:

The bill would repeal the Long-Term Care Deduction. LB 965 (2006) created the Long-Term Care Savings Plan. It allows a Nebraska deduction from income tax for contributions up to $2,000 for married filing joint or $1,000 for all other returns plus earnings (interest) made by a participant. The deduction must be added back in subsequent years if any unqualified withdrawals are made by the participant.

In 2006, the Department of Revenue Tax Expenditure Report shows an estimated $1,920,000 expense for the deduction. By 2014, the report estimates only $25,000 in expenditure on the deductions.

The bill repeals the deduction for tax years beginning on or after January 1, 2016. It also limits the application of the add back requirement to unqualified withdrawals for tax years beginning or deemed to begin on January 1, 2016.

Section 77-6103 is amended to terminate the plan on the effective date of this act. It allows any participant to receive the full balance on that date.

The bill contains the E Clause.

Committee Amendment: Adopted

AM 2375 becomes the bill. It extends the termination date of the Long Term Care Savings Plan Act until January 1, 2018. It allows the deduction against AGI to be claimed for tax years beginning or deemed to begin before January 1, 2018 and requires an add back to AGI for unapproved withdrawals for tax years beginning or deemed to begin before January 1, 2018. It retains the E Clause.

Disposition at Sine Die:

LB 756 was unanimously advanced from the committee to General File as amended. LB 756 was passed on Final Reading, 49-0-0, and was approved by the Governor on April 18, 2016.

LB 775 (Gloor) Change property tax provisions relating to motor vehicles

Introduced Version:

This is a Department of Revenue technical bill. The language in Section 77-120(5) is harmonized to indicate the factor for net book value will be the year the property is placed in service. Harmonizing language for trailers and semi-trailers as tangible personal property exempt from property taxes is also included in the bill.

Disposition at Sine Die:

LB 775 was unanimously advanced from the committee to General File. LB 775 was passed on Final Reading, 47-0-2, and was approved by the Governor on February 24, 2016.

LB 776 (Gloor) Change revenue and taxation provisions

Introduced Version:

This bill is a technical clean-up bill requested by the Department of Revenue.

It clarifies the definition of "take and bake" pizza as food exempt from sales tax so that Nebraska remains in substantial compliance with the Streamlined Sales Tax Agreement.

It corrects three errors in statutory language to harmonize with previous changes under the income tax:

1. Specify that the interest earned on Build America Bonds issued by Nebraska political subdivisions are excluded from tax;
2. Clarifies an exclusion for contributions to accounts under the ABLE Act (2015) which are different that the provisions of the Nebraska College Savings Plan; and
3. Corrects language from LB851 (2014) regarding the proper statute of limitations for refundable income tax credits in certain circumstances.

It makes two changes to the Homestead Program, the most significant of which is to eliminate the annual medical recertification for most disabled taxpayers.

Various effective dates are included for different provisions.

Committee Amendment: Adopted

AM 1932 becomes the bill. In addition to the provisions above, the amendment clarifies the treatment of deductions under the ABLE program, so that in the event of an unqualified withdrawal of funds, the developmentally disabled owner of the ABLE account is only required to add the deduction back if they actually made the contribution and previously took the deduction.

Disposition at Sine Die:

LB 776 was advanced from the committee to General File as amended with 7 ayes and 1 absent vote. LB 776 was passed on Final Reading, 48-0-1, and was approved by the Governor on March 9, 2016.

LB 907 (B. Harr) Change provisions relating to the New Markets Job Growth Investment Act

Introduced Version:

The bill amends the definition of an economic-impact project under the Nebraska Investment Finance Authority Act. Projects could now be financed in whole or in part through the use of state tax credits, as well as federal tax credits using new markets tax credits.

The Nebraska Job Growth Investment Act is amended. The bill removes a restriction related to low-income community businesses that are controlled or under common control with another business. The controlling business must not derive 15percent or more of its annual revenue from the sale or rental of real estate but would no longer be required to be the primary tenant of the real estate leased from the first business.

The bill also removes the requirement for a credit allocation agreement between NIFA and the federal government and related requirements. The cap on the utilization of the credit is kept at $15 million per fiscal year prior to June 30, 2016 but is increased to $25 million for any fiscal year thereafter.

Disposition at Sine Die:

LB 907 was not advanced from the committee and was indefinitely postponed with the end of the legislative session on April 20, 2016.

LB 925 (B. Harr) Change provisions relating to issuing a treasurer's tax deed and bringing a tax lien foreclosure action as prescribed

Introduced Version:

The bill creates two separate provisions allowing the holder of a tax sale certificate to foreclose on the property by filing an action in district court. Under current law, such holder of a certificate must file within nine months following the end of the three-year redemption period. The redemption period begins to run from the date of the sale of the certificate.

The bill would allow for such actions to be filed at the end of a two-year period if the property is not legally occupied and deemed vacant or abandoned under a local ordinance. If no local ordinance is in place, then the property could be deemed vacant or abandoned if the property has:

1. overgrown or dead vegetation;
2. an accumulation of abandoned personal property, trash or waste;
3. visible deterioration or lack of maintenance;
4. graffiti or other defacement; or
5. any other condition indicating abandonment.

Disposition at Sine Die:

LB 925 was not advanced from the committee and was indefinitely postponed with the end of the legislative session on April 20, 2016.

LB 941 (Gloor) Update references to the Internal Revenue Code

Introduced Version:

The bill is the annual update of all references to the Internal Revenue Code in Nebraska statutes. It ties us to the federal code as it exists on the effective date of the bill, with certain specified exceptions:

1. Article VIII, Section 1B, of the Nebraska Constitution, which states that “When an income tax is adopted by the Legislature, the Legislature may adopt an income tax law based upon the laws of the United States.”;
2. The statute sections listed in section 1 of the bill that govern Nebraska’s income tax; and
3. The statute sections listed in section 1 of the bill that govern Nebraska’s business tax incentive programs.

The bill contains the E Clause.

Disposition at Sine Die:

LB 941 was advanced from committee and placed on General File with 7 ayes and 1 absent vote. However, it was indefinitely postponed with the end of the legislative session on April 20, 2016.

LB 1095 (Kintner) Require employer identification numbers and use the federal immigration verification system

Introduced Version:

By January 1, 2017, this bill will require every employer in Nebraska to register with the Tax Commissioner and receive an employer identification number and to register with and use the E-Verify Program.

The Tax Commissioner has the authority to suspend or revoke an employer’s identification number for failing to comply with the provisions in LB1095. Actions of the Tax Commissioner may be appealed with the Administrative Procedure Act.

An employer who comes into compliance with the provisions of LB1095 may have their employer identification number reinstated for a $50 fee.

Disposition at Sine Die:

LB 1095 was not advanced from the committee and was indefinitely postponed with the end of the legislative session on April 20, 2016.