

Committee on Revenue
Summary and Disposition of Bills

One Hundred Sixth Legislature
Second Session
August, 2020

Senator Lou Ann Linehan, Chair
COMMITTEE ON REVENUE

106th Legislature

2020

Members of Committee

Senator Lou Ann Linehan, Chairperson	District 39, Elkhorn
Senator Curt Friesen, Vice Chairperson	District 34, Henderson
Senator Tom Briese	District 41, Albion
Senator Sue Crawford	District 45, Bellevue
Senator Mike Groene	District 42, North Platte
Senator Mark Kolterman	District 24, Seward
Senator Brett Lindstrom	District 18, Omaha
Senator John McCollister	District 20, Omaha

Committee Staff

Committee Counsel	Mary Jane Egr Edson
Research Analyst	Kay Stilwell Bergquist
Committee Clerk	Grant Latimer

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106th Legislature – First Session of the Legislature of Nebraska – January 2019

LB #	Introducer	One Liner	Hearing Date	Exec Session Date	Committee Amendments	Disposition at Sine Die	Signed by Governor	Comments
LB 4	Stinner	Change mileage reimbursement and filing fees under the Tax Equalization and Review Commission Act	1/25/19	2/1/19; Advanced to General File, 6-0-2	None	Passed on Final Reading w/ E-Clause, 34-11-4	Approved, 2/12/20	
LB 5	Blood	Change the Beginning Farmer Tax Credit Act	1/23/19	None		IPP at Sine Die		
LB 13	Blood	Provide a sales tax exemption for breast pumps and related supplies and exempt breast-feeding from public indecency offenses	1/25/19	2/21/19; Advanced to General File, 6-2-0	AM 147	Enacted with LB 209		-Committee Amendment-AM 147 – pending -Amended into LB 209 with AM 1875
LB 18	Briese	Adopt the Remote Seller Sales Tax Collection Act	1/31/19	None		IPP at Sine Die		
LB 50	Vargas	Change individual income tax brackets and rates	1/23/19	None		IPP at Sine Die		
LB 63	Groene	Change tax levy provisions relating to rural and suburban fire protection districts and change the Mutual Finance Assistance Act	1/24/19	1/29/19; Advanced to General File, 8-0-0	AM 77	Passed on Final Reading w/ E-Clause, 45-0-4	Approved, 3/7/19	-Committee Amendment-AM 77 - adopted
LB 69	M. Hansen	Provide income tax credits for caregivers as prescribed	1/23/19	None		IPP at Sine Die		

LB 76	Williams	Change provisions relating to the nameplate capacity tax	2/8/19	3/12/19; Advanced to General File, 5-1-2	None	Passed on Final Reading, 47-0-2	Approved, 2/12/20	
LB #	Introducer	One Liner	Hearing Date	Exec Session Date	Committee Amendments	Disposition at Sine Die	Signed by Governor	Comments
LB 84	Wayne	Provide a tax deduction for wages paid to individuals convicted of a felony	1/23/19	None		IPP at Sine Die		
LB 86	Wayne	Change provisions for redevelopment plans for extremely blighted areas under the Community Development Law and change funding provisions under the Nebraska Affordable Housing Act	1/25/19	3/18/19; Advanced to General File, 7-1-0	AM 792	Passed on Final Reading, 47-0-2	Approved, 5/30/19	-Committee Amendment-AM 792 – adopted -Wayne Priority Bill – 2019 -Portions/Provisions of LB 737 & 694 were amended into LB 86
LB 88	Wayne	Provide an income tax credit for certain purchases of a residence	1/23/19	3/18/19; Advanced to General File, 6-1-1	AM 791	Enacted with LB 86		- Committee Amendment-AM 791 – pending - Amended into LB 86 with AM 1199
LB 97	Wayne	Change provisions relating to highway funding	3/27/19	None		IPP at Sine Die		
LB 103	Linehan	Change the procedure for setting a political subdivision's property tax request	1/24/19	2/1/19; Advanced to General File, 7-0-1	AM 116	Passed on Final Reading w/ E-Clause, 47-0-2	Approved, 3/12/19	-Committee Amendment-AM 116 - adopted
LB 134	Stinner	Provide levy authority and duties for natural resources districts	1/30/19	None		IPP at Sine Die		

LB 153	Brewer	Change provisions relating to the taxation of military retirement benefits	2/7/19	5/16/19; Advanced to General File, 6-1-1	None	Passed on Final Reading, 46-0-3	Approved, 8/17/20	-Lowe Priority Bill - 2019
LB 158	Brewer	Change provisions relating to the assessed value of real property	1/24/19	None		IPP at Sine Die		
LB #	Introducer	One Liner	Hearing Date	Exec Session Date	Committee Amendments	Disposition at Sine Die	Signed by Governor	Comments
LB 162	Hunt	Impose sales and use taxes on certain services	3/1/19	None		IPP at Sine Die		
LB 170	Hunt	Provide a sales and use tax exemption for feminine hygiene products	1/25/19	None		IPP at Sine Die		
LB 182	Bolz	Adopt the School District Local Option Income Surtax Act	2/13/19	None		IPP at Sine Die		
LB 183	Briese	Change the valuation of agricultural land and horticultural land for purposes of certain school district taxes	1/24/19	2/1/19; Advanced to General File, 7-1-0	AM 158	Select File, IPP at Sine Die		-Committee Amendment-AM 158 – adopted -Briese Priority Bill - 2019
LB 185	Friesen	Change provisions relating to the special valuation of agricultural and horticultural land	1/30/19	2/1/19; Advanced to General File, 8-0-0	None	Passed on Final Reading, 47-0-2	Approved, 3/12/19	
LB 187	Lindstrom	Change the Sports Arena Facility Financing Assistance Act	2/22/19	2/20/20; Advanced to General File, 7-0-1	None	General File, IPP at Sine Die		

LB 218	Lindstrom	Redefine real property and gross receipts for tax purposes	2/22/19	3/12/19; Advanced to General File, 7-0-1	AM 536	Passed on Final Reading w/ E-Clause, 48-0-1	Approved, 5/29/19	-Committee Amendment – AM 536 – adopted -Speaker Priority Bill - 2019
LB 222	Albrecht	Change the Volunteer Emergency Responders Incentive Act	2/1/19	2/21/19; Advanced to General File, 8-0-0	AM 424	Passed on Final Reading, 46-0-3	Approved, 5/1/19	-Committee Amendment- AM 424 – adopted -Speaker Priority Bill - 2019
LB #	Introducer	One Liner	Hearing Date	Exec Session Date	Committee Amendments	Disposition at Sine Die	Signed by Governor	Comments
LB 236	Crawford	Change access to sales and use tax information with respect to the Nebraska Advantage Transformational Tourism and Redevelopment Act	2/22/19	3/12/19; Advanced to General File, 7-0-1	None	Passed on Final Reading, 46-0-3	Approved, 2/12/20	
LB 237	Crawford	Change provisions relating to sales and use tax collection fees and authorize use of certain fees for revenue enforcement	2/22/19	3/14/19; Advanced to General File, 6-2-0	AM 676	Passed on Final Reading, 44-4-1	Approved, 5/8/19	-Committee Amendment- AM 676 – adopted -Speaker Priority Bill - 2019
LB 242	Lindstrom	Adopt the Infrastructure Improvement and Replacement Assistance Act and provide for a turnback of state sales tax revenue	2/22/19	1/29/20; Advanced to General File, 7-0-1	AM 434	General File, IPP at Sine Die		-Committee Amendment- AM 434 – pending -Lindstrom Priority Bill - 2020
LB 250	Walz	Change provisions relating to agricultural land and horticultural land receiving special valuations	1/30/19	None		IPP at Sine Die		

LB 263	Clements	Change provisions relating to the taxation of military retirement benefits	2/7/19	None		IPP at Sine Die		
LB 266	Lindstrom	Change the School Readiness Tax Credit Act	2/1/19	3/12/19; Advanced to General File, 5-1-2	None	Passed on Final Reading, 47-0-2	Approved, 8/17/20	
LB 272	Morfeld	Adopt the Apprenticeship Training Program Tax Credit Act	2/1/19	None		IPP at Sine Die		
LB #	Introducer	One Liner	Hearing Date	Exec Session Date	Committee Amendments	Disposition at Sine Die	Signed by Governor	Comments
LB 276	McCollister	Change provisions relating to the taxation of income from certain small business corporations and limited liability companies	2/13/19	None		IPP at Sine Die		
LB 279	Bostelman	Provide a sales and use tax exemption for food sold by veterans service organizations	3/7/19	None		IPP at Sine Die		
LB 284	McCollister	Change sales and use tax provisions relating to out-of-state retailers and multivendor marketplace platforms	1/31/19	2/21/19; Advanced to General File, 8-0-0	AM 392	Passed on Final Reading w/ E-Clause, 43-0-6	Approved, 3/21/19	-Committee Amendment-AM 392 – adopted -McCollister Priority Bill - 2019
LB 288	Linehan	Change income tax rates	2/1/19	5/16/19; Advanced to General File, 6-1-1	AM 1594	General File, IPP at Sine Die		-Committee Amendment-AM 1594 – pending -Revenue Committee Priority Bill - 2019
LB 289	Linehan	Change provisions relating to county assessor inspections of	2/1/19	4/30/19; Advanced	AM 1572	General File, IPP at Sine Die		-Committee Amendment-AM 1572 – pending

		real property for property tax purposes		to General File, 6-0-2				-Revenue Committee Priority Bill - 2019
LB 290	Linehan	Change the sales and use tax rate	2/1/19	None		IPP at Sine Die		
LB 291	Linehan	Change sales and use tax provisions	1/31/19	None		IPP at Sine Die		
LB 303	Lindstrom	Change the amount of relief under the Property Tax Credit Act	2/27/19	4/10/19; Advanced to General File, 6-0-2	None	General File, IPP at Sine Die		
LB #	Introducer	One Liner	Hearing Date	Exec Session Date	Committee Amendments	Disposition at Sine Die	Signed by Governor	Comments
LB 310	Vargas	Change procedures for tax credits under the Nebraska Job Creation and Mainstreet Revitalization Act	2/13/19	3/10/19; Advanced to General File, 6-1-1	AM 739	Passed on Final Reading, 44-0-5	Approved, 2/19/20	-Committee Amendment-AM 739 - adopted
LB 314	Briese	Adopt the Remote Seller Sales Tax Collection Act and change revenue and taxation provisions	2/14/19	None		IPP at Sine Die		
LB 315	Kolterman	Provide for an inheritance tax exemption and change certain inheritance tax proceedings	3/14/19	4/10/19; Advanced to General File, 8-0-0	None	Passed on Final Reading, 47-0-2	Approved, 5/29/19	
LB 338	Wayne	Change calculation of gasoline tax and distribution of proceeds	3/27/19	None		IPP at Sine Die		

LB 349	Friesen	Provide sales and use tax collection duties for certain peer-to-peer rentals of vehicles	3/14/19	None		IPP at Sine Die		
LB 357	Walz	Adopt the Direct Support Professional Tax Credit Act	2/13/19	None		IPP at Sine Die		
LB 372	Erdman	Change provisions relating to classes and subclasses of agricultural land and horticultural land	1/30/19	2/1/19; Advanced to General File, 8-0-0	None	Passed on Final Reading, 47-0-2	Approved, 3/12/19	
LB 393	Groene	Increase the documentary stamp tax	2/8/19	None		IPP at Sine Die		
LB 410	Kolowski	Exempt certain sales of clothing and footwear from sales and use taxes	3/14/19	None		IPP at Sine Die		
LB #	Introducer	One Liner	Hearing Date	Exec Session Date	Committee Amendments	Disposition at Sine Die	Signed by Governor	Comments
LB 413	Brandt	Change application submission deadlines under the Nebraska Advantage Act	3/6/19	None		IPP at Sine Die		
LB 417	Friesen	Change application deadlines under certain tax incentive programs	3/6/19	None		IPP at Sine Die		
LB 419	Bolz	Change the Nebraska Advantage Act and create a fund and grant program	3/6/19	None		IPP at Sine Die		
LB 420	Bolz	Adopt the Property Tax Circuit Breaker Act	2/21/19	None		IPP at Sine Die		
LB 429	Wayne	Change tax provisions for cigars, cheroots, and stogies	3/27/19	None		IPP at Sine Die		

LB 437	Linehan	Change application deadlines under the Nebraska Advantage Act	3/13/19	None		IPP at Sine Die		
LB 440	Walz	Increase a tax on aviation jet fuel	3/27/19	None		IPP at Sine Die		
LB 441	McCollister	Change provisions relating to certain sales and use tax refund deductions and applicability to municipalities as prescribed	3/1/19	None		IPP at Sine Die		
LB 444	McDonnell	Provide a homestead exemption for certain dwelling complexes	2/21/19	None	Amended into LB 470 with AM 896	LB 470 Passed Final Reading w/ E-Clause, 43-2-4; Returned by Governor	LB 470 returned by Governor without approval, 6/4/19	-See LB 470 for amendment explanation
LB 456	Lathrop	Provide a sales and use tax exemption for certain machinery and equipment used to produce electricity	3/14/19	None		IPP at Sine Die		
LB #	Introducer	One Liner	Hearing Date	Exec Session Date	Committee Amendments	Disposition at Sine Die	Signed by Governor	Comments
LB 463	Williams	Change provisions relating to treasurer's tax deeds and tax sale certificates	2/8/19	2/21/19; Advanced to General File, 8-0-0	None	Passed on Final Reading, 47-0-2	Approved, 3/27/19	-Williams Priority Bill - 2019
LB 470	La Grone	Exempt dwelling complexes located on United States Department of Defense military installations from taxes as prescribed and authorize and provide tax	2/6/19	3/19/19; Advanced to General File, 5-0-2	AM 896	Passed Final Reading w/ E-Clause, 43-2-4; Returned by Governor	Returned by Governor without approval, 6/4/19	-Committee Amendment-AM 896 – adopted -La Grone Priority Bill – 2019

		deductions for contributions to the Nebraska educational savings plan trust by employers and persons other than participants as prescribed						-Portions/Provisions of LB 545 and LB 444 were amended into LB 470
LB 472	Dorn	Adopt the Qualified Judgment Payment Act, authorize a sales and use tax, and require a property tax levy	3/13/19	3/19/19; Advanced to General File, 7-0-1	None	Passed on Final Reading, 43-6-0; Returned by Governor; Veto Overridden,41-8-0	Returned by Governor without approval, 4/24/19; Veto Overridden, 4/30/19	-Dorn Priority Bill - 2019
LB 473	Dorn	Change revenue and taxation provisions relating to judgments against public corporations and political subdivisions, authorize certain loans, and provide powers and duties to the State Treasurer	2/18/19	None		IPP at Sine Die		
LB #	Introducer	One Liner	Hearing Date	Exec Session Date	Committee Amendments	Disposition at Sine Die	Signed by Governor	Comments
LB 477	Vargas	Provide an income tax exemption for Segal AmeriCorps Education Awards	2/13/19	2/21/19; Advanced to General File, 7-1-0		Passed on Final Reading, 39-4-6	Approved, 8/17/20	
LB 482	Erdman	Provide for an adjustment to the assessed value of destroyed real property	2/27/19	None		IPP at Sine Die		-Provisions/portions of LB 482 were amended into LB 512 during floor debate.

LB 483	Erdman	Change the valuation of agricultural land and horticultural land	2/21/19	3/19/19; Advanced to General File, 7-1-0	None	General File, IPP at Sine Die		-Erdman Priority Bill - 2019
LB 493	Wayne	Change provisions relating to property tax exemptions under the Nebraska Housing Agency Act	2/28/19	None		IPP at Sine Die		
LB 497	Friesen	Adopt the School District Property Tax Authority Act and change revenue and taxation provisions	2/14/19	None		IPP at Sine Die		
LB 506	Briese	Adopt the Property Tax Request Limitation Act	2/27/19	None		IPP at Sine Die		
LB 507	Briese	Impose sales tax on certain services and eliminate sales tax exemptions	3/1/19	None		IPP at Sine Die		
LB 508	Briese	Impose sales and use taxes on certain services, eliminate sales tax exemptions, and use the increased revenue for property tax credits.	3/1/19	None		IPP at Sine Die		
LB #	Introducer	One Liner	Hearing Date	Exec Session Date	Committee Amendments	Disposition at Sine Die	Signed by Governor	Comments
LB 512	Linehan	Change revenue and taxation provisions	1/31/19	2/21/19; Advanced to General File, 8-0-0	AM 423	Passed on Final Reading w/ E-Clause, 45-0-4	Approved, 5/30/19	-Committee Amendment – AM 423 – adopted -Moser Priority Bill - 2019
LB 523	Linehan	Provide a documentary stamp tax exemption for certain deeds and a property tax	2/8/19	None		IPP at Sine Die		

		exemption for certain charitable organizations						
LB 529	Groene	Change provisions relating to a property tax exemption for hospitals	2/28/19	3/6/20; Failed to Advance from Committee, 3-5-0		IPP at Sine Die		
LB 530	Groene	Change the valuation of agricultural land and horticultural land for property tax purposes	2/21/19	None		IPP at Sine Die		
LB 535	Groene	Prohibit employment discrimination by qualified businesses under the Nebraska Advantage Act	3/15/19	None		IPP at Sine Die		
LB 542	Lowe	Adopt the Firearm Safety Act and provide a tax credit	3/20/19	None		IPP at Sine Die		
LB #	Introducer	One Liner	Hearing Date	Exec Session Date	Committee Amendments	Disposition at Sine Die	Signed by Governor	Comments
LB 545	Wayne	Change income tax provisions relating to the Nebraska educational savings plan trust and authorize employer contributions to the trust	2/6/19	None	Amended into LB 470 with AM 896	LB 470 Passed Final Reading w/ E-Clause, 43-2-4; Returned by Governor	LB 470 returned by Governor without approval, 6/4/19	-See LB 470 for amendment explanation

LB 560	Geist	Change provisions relating to tax credits under the Beginning Farmer Tax Credit Act	3/20/19	4/10/19; Advanced to General File, 8-0-0	AM 1414	Passed on Final Reading, 46-0-3	Approved, 5/17/19	-Committee Amendment – AM 1414 – adopted -Legislative Performance Audit Committee Priority Bill – 2019 -Portions/Provisions of LB 623 were amended into LB 560
LB 585	Friesen	Create the Renewable Fuel Infrastructure Program and provide for grants	3/13/19	3/21/19; Advanced to General File, 8-0-0	AM 953	Passed on Final Reading, 49-0-0	Approved, 5/8/19	-Committee Amendment – AM 953 – adopted -Murman Priority Bill - 2019
LB 601	Lindstrom	Change a property tax exemption relating to educational, religious, charitable, and cemetery organizations	3/27/19	None		IPP at Sine Die		
LB 605	Lindstrom	Adopt the Renewable Chemical Production Tax Credit Act	3/20/19	None		IPP at Sine Die		-Amended into LB 1107 by AM 3316 -See LB 1107 for amendment explanation
LB 610	Lindstrom	Adopt the Meadowlark Act, the Employer Matching Contribution Incentive Program, and the College Savings Plan Low-Income Matching Scholarship Program and change the Nebraska educational savings plan trust	2/6/19	3/21/19; Advanced to General File, 8-0-0	AM 917	Passed on Final Reading, 48-0-1	Approved, 5/30/19	-Committee Amendment – AM 917 – adopted -Lindstrom Priority Bill – 2019 -Portions/Provisions of LB 544 & LB 547 amended into LB 610

LB #	Introducer	One Liner	Hearing Date	Exec Session Date	Committee Amendments	Disposition at Sine Die	Signed by Governor	Comments
LB 613	Crawford	Change application deadlines under certain tax incentive programs	3/6/19	None		IPP at Sine Die		
LB 614	Crawford	Change revenue and taxation provisions	3/1/19	None		IPP at Sine Die		
LB 615	Hilgers	Reduce income tax rates and provide for certain transfers from the Cash Reserve Fund	2/20/19	None		IPP at Sine Die		
LB 623	Williams	Change provisions relating to qualifications under the Beginning Farmer Tax Credit Act	3/20/19	None	Amended into LB 560 with AM 1414	IPP at Sine Die		-See LB 560 for amendment explanation
LB 628	Pansing Brooks	Increase the earned income tax credit	2/7/19	None		IPP at Sine Die		
LB 661	Friesen	Change income tax provisions and the distribution of certain income tax revenue	2/20/19	None		IPP at Sine Die		
LB 663	Friesen	Change provisions relating to Nebraska adjusted basis	2/21/19	3/14/19; Advanced to General File, 8-0-0	None	Passed on Final Reading, 44-0-5	Approved, 5/1/19	-Friesen Priority Bill - 2019
LB 664	Friesen	Provide for certain income tax deductions	2/20/19	None		IPP at Sine Die		
LB 670	Linehan	Adopt the Opportunity Scholarships Act and provide tax credits	3/7/19	4/10/19; Advanced to General File, 5-2-1	AM 1112	General File, IPP at Sine Die		-Committee Amendment – AM 1112 – pending -Linehan Priority Bill - 2019

LB 677	Groene	Change provisions of the Property Tax Credit Act and provide school district property tax relief aid	2/14/19	None		IPP at Sine Die		
LB #	Introducer	One Liner	Hearing Date	Exec Session Date	Committee Amendments	Disposition at Sine Die	Signed by Governor	Comments
LB 688	Cavanaugh	Provide for contributions to the Nebraska educational savings plan trust from income tax refunds	2/6/19	None		IPP at Sine Die		
LB 705	Murman	Provide for distribution of funds upon death from an achieve a better life experience account	2/6/19	1/29/20; Advanced to General File, 8-0-0	AM 162	Passed on Final Reading, 48-0-1	Approved, 8/6/20	-Committee Amendment – AM 162 – adopted -Speaker Priority Bill - 2020
LB 707	Erdman	Authorize the Tax Equalization and Review Commission to hold certain hearings by videoconference and telephone conference	3/13/19	None		IPP at Sine Die		
LB 710	Cavanaugh	Change provisions relating to tobacco including sales, crimes, a tax increase, and distribution of funds	2/28/19	1/29/20; Failed to Advance from Committee, 4-4-0		IPP at Sine Die		
LB 714	Crawford	Adopt the Nebraska Industrial New Job-training Act and authorize the transfer of certain withholding taxes	3/15/19	None		IPP at Sine Die		

LB 720	Kolterman	Adopt the ImagiNE Nebraska Act, Renewable Chemical Production Tax Credit Act, Customized Job Training Act, and Community Economic Opportunities Act and provide tax incentives	3/6/19	5/2/19; Advanced to General File, 6-0-2	AM 1614	IPP at Sine Die		-Committee Amendment – AM 1614 – adopted -Kolterman Priority Bill – 2019 & 2020 -Amended into LB 1107 by AM 3316 -- See LB 1107 for amendment explanation
LB #	Introducer	One Liner	Hearing Date	Exec Session Date	Committee Amendments	Disposition at Sine Die	Signed by Governor	Comments
LB 724	Vargas	Provide requirements for boards of directors in order to qualify for incentives under the Nebraska Advantage Act	3/15/19	None		IPP at Sine Die		
LB 738	Wayne	Change individual income tax brackets and rates	3/15/19	None		IPP at Sine Die		
LR 3 CA	Erdman	Constitutional amendment to provide income tax credits for property taxes paid	2/7/19	None		IPP at Sine Die		
LR 8 CA	Linehan	Constitutional amendment to limit the total amount of property tax revenue that may be raised by political subdivisions	2/27/19	4/10/19, Failed to Advance from Committee, 4-2-2		IPP at Sine Die		

Bills Referenced to the Revenue Committee - By Bill Number

106th Legislature – Second Session of the Legislature of Nebraska – January 2020

LB #	Introducer	One Liner	Hearing Date	Exec Session Date	Committee Amendments	Disposition at Sine Die	Signed by Governor	Comments
LB 747	Blood	Change the definition of microbusiness under the Nebraska Advantage Microenterprise Tax Credit Act	1/23/20	None		IPP at Sine Die		
LB 805	Wayne	Provide an income tax deduction for certain wages paid to individuals convicted of a felony	1/29/20	2/20/20; Advanced to General File, 8-0-0	AM 2571	General File, IPP at Sine Die		-Committee Amendment – AM 2571 - pending
LB 806	Wayne	Exempt social security benefits and retirement benefits from taxation as prescribed	2/5/20	None		IPP at Sine Die		
LB 810	McCollister	Impose sales tax on bottled water, candy, and soft drinks	1/30/20	None		IPP at Sine Die		
LB 812	McCollister	Change acceptable ranges and authorize orders for rehearings under the Tax Equalization and Review Commission Act	2/21/20	None		IPP at Sine Die		
LB 818	Brewer	Adjust the nameplate capacity tax for inflation	1/24/20	None		IPP at Sine Die		

LB 819	Brewer	Change provisions relating to the taxation of benefits received under the federal Social Security Act	2/5/20	None		IPP at Sine Die		
LB #	Introducer	One Liner	Hearing Date	Exec Session Date	Committee Amendments	Disposition at Sine Die	Signed by Governor	Comments
LB 829	Erdman	Change provisions relating to certain in lieu of tax payments made by the Game and Parks Commission	2/21/20	None		IPP at Sine Die		
LB 841	Crawford	Change provisions relating to certain certifications for homestead exemptions	1/24/20	None		IPP at Sine Die		
LB 865	Wayne	Provide for contributions of income tax refunds to accounts established under the Nebraska educational savings plan trust	1/29/20	2/20/20; Advanced to General File, 6-0-2	None	Select File, IPP at Sine Die		-Speaker Priority Bill - 2020
LB 879	Geist	Eliminate funding for the Nebraska Advantage Microenterprise Tax Credit Act and change the termination date for applications	1/23/20	3/10/20; Advanced to General File, 5-2-1	None	General File, IPP at Sine Die		
LB 891	Hilgers	Provide an income tax credit for overtime pay	2/5/20	None		IPP at Sine Die		
LB 892	Hilgers	Change individual income tax brackets	2/12/20	None		IPP at Sine Die		
LB 905	DeBoer	Provide for a fee on single-use checkout bags and for a	1/30/20	None		IPP at Sine Die		

		program to provide reusable checkout bags to the public						
LB 923	Lindstrom	Change sales tax provisions relating to gross receipts	1/30/20	2/3/20; Advanced to General File, 8-0-0	None	Passed on Final Reading w/ E-Clause, 48-0-1	Approved, 8/15/20	-Speaker Priority Bill - 2020
LB #	Introducer	One Liner	Hearing Date	Exec Session Date	Committee Amendments	Disposition at Sine Die	Signed by Governor	Comments
LB 930	Briese	Require a minimum amount of tax relief under the Property Tax Credit Act	2/21/20	7/29/20; Advanced to General File, 6-0-2	None	IPP at Sine Die		-Amended into LB by 1107 by AM 3316 -Briese Priority Bill – 2020 -See LB 1107 for amendment explanation
LB 946	Briese	Change the sales tax rate and impose sales tax on additional services	2/26/20	None		IPP at Sine Die		
LB 952	Wishart	Provide for a new homestead exemption	1/24/20	None		IPP at Sine Die		
LB 974	Revenue Committee	Change taxation and school funding provisions	1/22/20	2/12/20; Advanced to General File, 6-2-0	AM 2433	General File, IPP at Sine Die		-Revenue Committee Priority Bill - 2020
LB 987	Pansing Brooks	Impose sales and use tax on dating and escort services and provide for the use of the revenue	2/13/20	None		IPP at Sine Die		
LB 989	Wayne	Impose sales and use taxes on digital advertisements	2/13/20	None		IPP at Sine Die		

LB 1012	La Grone	Change provisions relating to tax exemptions for property acquired by certain tax-exempt entities	2/27/20	None		IPP at Sine Die		
LB 1013	Linehan	Change the cigarette tax and exempt certain transactions	2/13/20	3/6/20; Advanced to General File, 8-0-0	AM 2468	General File, IPP at Sine Die		-Committee Amendment – AM 2468 - pending
LB 1025	Bolz	Create the Tax Credit Buy-Back Program	2/20/20	None		IPP at Sine Die		
LB #	Introducer	One Liner	Hearing Date	Exec Session Date	Committee Amendments	Disposition at Sine Die	Signed by Governor	Comments
LB 1033	Friesen	Change the distribution of sales tax revenue and authorize the use of funds for certain infrastructure projects	1/31/20	2/20/20; Advanced to General File, 6-0-2	AM 2187	General File, IPP at Sine Die		-Committee Amendment – AM 2187 - pending
LB 1034	Friesen	Extend the application deadline and change certain credits under the Nebraska Advantage Act	2/20/20	None		IPP at Sine Die		
LB 1042	La Grone	Change provisions regarding the Nebraska educational savings plan trust and the Meadowlark Program and provide for tax deductions for certain contributions	1/29/20	2/20/20; Advanced to General File, 7-0-1	AM 2181	Passed on Final Reading w/ E-Clause, 47-0-2	Approved, 8/7/20	-Committee Amendment – AM 2181 – adopted -La Grone Priority Bill – 2020 -Portions/Provision of LB 1083 were amended into LB 1042
LB 1045	Brandt	Require the posting and reporting of tax incentive information under the Taxpayer Transparency Act	2/20/20	None		IPP at Sine Die		

LB 1070	Murman	Change a sales tax exemption relating to agricultural machinery and equipment	1/31/20	2/3/20; Advanced to General File, 8-0-0	AM 2236	General File, IPP at Sine Die		-Committee Amendment – AM 2236 - pending
LB 1074	Linehan	Change provisions relating to the assessment of improvements on leased lands and the collection of certain fees and taxes	1/31/20	2/3/20; Advanced to General File, 8-0-0	None	General File, IPP at Sine Die		-Revenue Committee Priority Bill - 2020
LB 1075	Linehan	Change tax provisions relating to net book value	2/19/20	None		IPP at Sine Die		
LB 1084	Kolterman	Adopt the Nebraska Transformational Projects Act	2/6/20	None		IPP at Sine Die		-Amended into LB 1107 by AM 3316 -See LB 1107 for amendment explanation
LB #	Introducer	One Liner	Hearing Date	Exec Session Date	Committee Amendments	Disposition at Sine Die	Signed by Governor	Comments
LB 1087	Friesen	Change provisions relating to partial payments of property taxes	2/19/20	None		IPP at Sine Die		
LB 1106	Scheer	Eliminate obsolete sales tax provisions	2/19/20	3/10/20; Advanced to General File, 6-2-0	AM 2870	General File, IPP at Sine Die		-Committee Amendment – AM 2870 – pending -Scheer Priority Bill - 2020
LB 1107	Scheer	Adopt the ImagiNE Nebraska Act, Key Employer and Jobs Retention Act, Renewable Chemical Production Tax Credit Act, Customized Job Training Act, Nebraska	2/19/20	8/4/20; Advanced to General File, 6-0-2	AM 3316	Passed on Final Reading W/ E Clause, 41-4-4	Approved, 8/17/20	-Committee Amendment – AM 3316 – adopted -Speaker Priority Bill – 2020 -Portions/Provisions of LB 1179, LB 1084, LB 720,

		Transformational Projects Act, and Nebraska Property Tax Incentive Act and change and provide other related provisions						LB 605, and LB 527 were amended into LB 1107
LB 1109	Chambers	Provide a sales tax exemption for the furnishing of water service	2/13/20	None		IPP at Sine Die		
LB 1125	Cavanaugh	Provide a new homestead exemption and authorize the late filing of homestead exemption applications	2/27/20	None		IPP at Sine Die		
LB 1130	Groene	Change provisions relating to agreements and application deadlines under the Mutual Finance Assistance Act	2/12/20	2/25/20; Advanced to General File, 8-0-0	None	Passed on Final Reading, 47-0-2	Approved, 8/7/20	-Speaker Priority Bill - 2020
LB #	Introducer	One Liner	Hearing Date	Exec Session Date	Committee Amendments	Disposition at Sine Die	Signed by Governor	Comments
LB 1162	Wishart	Adopt the Fueling Station Tax Credit Act	2/26/20	None		IPP at Sine Die		
LB 1175	Briese	Impose a tax on cash devices under the Mechanical Amusement Device Tax Act	2/26/20	None		IPP at Sine Die		
LB 1179	Wayne	Adopt the ImagiNE Small Business and Urban Revitalization Act	2/20/20	None		IPP at Sine Die		-Amended into LB 1107 by AM 3316 - See LB 1107 for amendment explanation
LB 1189	McDonnell	Adopt the Firefighter Cancer Benefits Act and provide an	2/5/20	None		IPP at Sine Die		

		income tax exemption for such benefits						
LB 1192	Linehan	Limit the total amount reimbursed by the state for homestead exemptions	2/27/20	None		IPP at Sine Die		
LB 1202	Linehan	Adopt the Opportunity Scholarships Act and provide for tax credits	2/19/20	None		IPP at Sine Die		-Linehan Priority Bill - 2020
LB 1203	Linehan	Change provisions relating to an income tax deduction for dividends received from certain corporations	2/12/20	None		IPP at Sine Die		-Hansen, B. Priority Bill - 2020
LB 1212	B. Hansen	Adopt the Property Tax Request Act	2/27/20	None		IPP at Sine Die		
LB 1213	B. Hansen	Change tax and school funding provisions	2/27/20	None		IPP at Sine Die		
LB 1214	Friesen	Adopt the Rural Economic Development Grant Act	2/26/20	None		IPP at Sine Die		
LB #	Introducer	One Liner	Hearing Date	Exec Session Date	Committee Amendments	Disposition at Sine Die	Signed by Governor	Comments
LB 1220	Wayne	Authorize High-Wage Jobs and Capital Investment Creation Fund entities	2/26/20	None		IPP at Sine Die		
LR 284 CA	La Grone	Constitutional amendment to eliminate the state income tax over a four-year period	2/21/20	None		IPP at Sine Die		-LR 284 CA was originally introduced by Sen. Brewer. -MO 141 withdrew Sen. Brewer's name making

								Sen. La Grone the primary introducer
LR 300 CA	Erdman	Constitutional amendment to prohibit all forms of taxation other than a consumption tax	2/12/20	None		IPP at Sine Die		-Erdman Priority Resolution - 2020

*Aye - Nay - Absent - Present not voting

Constitutional Amendment

LR 3 CA (Erdman) Constitutional amendment to provide income tax credits for property taxes paid

Introduced Version:

LR3CA would create a new section (VIII-14) to the Nebraska Constitution. The new section would provide a refundable credit against an individual's income tax in an amount equal to 35 percent of property taxes.

The property taxes must have been levied on real property located in Nebraska and paid by the taxpayer during the taxable year.

The credit is available for tax years beginning on or after January 1, 2021.

Disposition at Sine Die:

LR 3 CA was not advanced from committee and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LR 8 CA (Linehan, at the request of the Governor) Constitutional amendment to limit the total amount of property tax revenue that may be raised by political subdivisions

Introduced Version:

LR8CA proposes to cap the property tax revenue of a political subdivision at 3% of the amount raised in the prior fiscal year. Property tax revenue is defined as revenue raised from a tax that is assessed annually on the value of real and personal property.

The constitutional amendment will allow a political subdivision to exceed the 3% cap by a specific amount at a special election. The amount must be approved by a majority of the legal voters. The increased property tax request would be for one fiscal year.

The 3% cap will not apply to the property tax request to retire bonded indebtedness that has been approved according to law.

Disposition at Sine Die:

LR 8 CA was not advanced from committee and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LR 284 CA (La Grone) Constitutional amendment to eliminate the state income tax over a four-year period

Introduced Version:

LR284CA is a proposed constitutional amendment that would eliminate the income tax in Nebraska over a 4-year period.

The State would be prohibited from imposing an income tax for all taxable years beginning on or after January 1, 2024. This would be accomplished in the following manner:

1. Income tax rates would be reduced to 75% of their pre-adjustment level for tax year 2021.
2. Income tax rates would be reduced to 50% of their pre-adjustment level for tax year 2022.
3. Income tax rates would be reduced to 25% of their pre-adjustment level for tax year 2023.
4. Income tax rates would be imposed for tax year 2024.

Pre-adjustment level is defined to mean the income tax rates in effect immediately prior to the reduction required in this section.

Disposition at Sine Die:

LR 284 CA was not advanced from committee and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LR 300 CA (Erdman) Constitutional amendment to prohibit all forms of taxation other than a consumption tax

Introduced Version:

LR300CA would propose a constitutional amendment be placed on the ballot of the general election in November 2020. This amendment would repeal all constitutional provisions authorizing any tax to be imposed by the State or its political subdivisions effective January 1, 2022. Those provisions would be replaced by a single-rate “consumption tax.”

The Legislature would be required to enact a single-rate consumption tax to begin no later than January 1, 2022. The tax would apply to consumption of “new goods and services.” The Legislature would be prohibited from granting any exemptions from the consumption tax.

Disposition at Sine Die:

LR 300 CA was not advanced from committee and was indefinitely postponed with the end of the legislative session on August 13, 2020.

Gubernatorial Appointment

Kuhn, James – Tax Equalization & Review Commission

Mr. Kuhn's appointment was heard at the Revenue Committee public hearing on Thursday January 30, 2020. The Committee approved the appointment unanimously on February 3, 2020. The legislature adopted the confirmation report with 31 ayes, 0 nays, 14 present and not voting, and 4 excused not voting, of Mr. Kuhn's appointment on February 5, 2020.

Income Tax

LB 50 (Vargas) Change individual income tax brackets and rates

Introduced Version:

The bill amends the individual income tax for tax years beginning or deemed to begin on and after January 1, 2019. The changes included:

- Adding a fifth bracket to the existing system;
- Increasing the filing threshold within each bracket;
 - The current highest marginal rate of 6.85% begins to apply when AGI for Married Filing Joint(MFJ) taxpayers reaches \$58,000;
 - The bill increases the application of this rate to \$199,00;
- The rate for the fifth bracket is 7.84% if AGI is \$200,00 or over for MFJ;
- An additional tax of 1% is imposed when Nebraska taxable income (as opposed federal Adjusted Gross Income) exceeds \$1 million and 2% for Nebraska taxable income in excess of \$2 million.

The bill provides for indexing of all amounts based on CPI.

Disposition at Sine Die:

LB 50 was not advanced from committee and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LB 84 (Wayne) Provide a tax deduction for wages paid to individuals convicted of a felony

Introduced Version:

The bill creates a new deduction for employers against individual income tax, corporate or fiduciary tax. The deduction is 65% of the wages paid to an individual who has been convicted of a felony in Nebraska or any other state. The deduction is only available for the first 12 months of the individual's employment and may not exceed \$20,000 for any one individual.

The bill is operative for taxable years beginning or deemed to being on January 1, 2020.

Disposition at Sine Die:

LB 84 was not advanced from committee and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LB 153 (Brewer, at the request of the Governor) Change provisions relating to the taxation of military retirement benefits

Introduced Version:

The bill repeals the current, one-time election for retired military to exempt a portion of their military retirement benefit income from tax. It replaces it with a 50% exemption for military retirement benefit income, to the extent it was included in federal adjusted gross income.

The change is applicable for tax years beginning or deemed to begin on or after January 1, 2020.

Disposition at Sine Die:

LB 153 was advanced to General File. LB 153 was passed on Final Reading, 46-0-3, and was approved by the Governor on August 17, 2020.

LB 182 (Bolz) Adopt the School District Local Option Income Surtax Act

Introduced Version:

LB182 creates the School District Local Option Income Surtax Act (Act). A school board may pass a resolution to place the issue of a local option income surtax (surtax) on the ballot of a primary, general or special election. The surtax may be used for (a) property tax reduction or (b) building construction, remodeling and site acquisition, or both. Revenue generated for property tax reduction will be deposited in the school district's General Fund. Revenue generated for building construction, remodeling and site acquisition will be deposited in the school district's Special Building Fund.

A majority vote of the registered voters within the district is required before imposing a surtax. The surtax may not exceed 20% of an individual's state income tax liability less refundable credits. The surtax may not exceed five years. A majority vote of registered voters is required to rescind or modify a surtax prior to its expiration.

School districts shall notify the Tax Commissioner of the surtax rate by August 1 of each year and the tax shall be collected when individuals file their state income tax returns. The Tax Commissioner shall determine the amount of surtax owed to each school district and distribute such amounts on or before July 1 of each year.

The surtax will not increase a school district's general fund budget authority.

The Department of Revenue may adopt rules and regulations to carry out the provisions of this Act.

Disposition at Sine Die:

LB 182 was not advanced from committee and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LB 263 (Clements) Change provisions relating to the taxation of military retirement benefits

Introduced Version:

Current law allows an individual to make a one-time election within two years of separation from the military under one of two options with regard to military retirement benefit income:

1. To exempt 40% of their income for seven consecutive years beginning with the year in which the election is made; or
2. To exempt 15% of their income for all taxable years beginning with the year in which they turn 67 years of age.

The bill would change the first option to allow the exemption to begin with the year in which the individual begins receiving military retirement benefits or the year in which the election is made, whichever is later. This would be effective for elections made after the effective date of the bill.

Disposition at Sine Die:

LB 263 was not advanced from committee and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LB 276 (McCollister) Change provisions relating to the taxation of income from certain small business corporations and limited liability companies

Introduced Version:

The bill would repeal the special income tax provision for S corporations and limited liability companies. Under current law, such entities are allowed to exclude from federal AGI the portion of income or loss that is not derived from or connected with Nebraska sources as determined in section 77-2734.01.

Further, the bill requires Nebraska residents who are shareholders of an S corporation or members of an LLC to include in their Nebraska taxable income their proportionate share of federal income without the current statutory adjustment for non-Nebraska income.

The changes would apply to taxable years beginning or deemed to begin on or after January 1, 2020.

Disposition at Sine Die:

LB 276 was not advanced from committee and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LB 288 (Linehan) Change income tax rates

Introduced Version:

LB288 would change both the individual and the corporate income tax rates for tax years beginning or deemed to begin on or after January 1, 2020. The bill, as introduced, is a placeholder bill.

Committee Amendment: AM 1594 - pending

The amendment becomes the bill and provides as follows:

- Filers who itemize deductions on their federal return will be allowed to fully deduct their property taxes on their Nebraska return in spite of the federal limitation of \$10,000 for state and local taxes;
- Reinstates the Nebraska Additional Tax for married filing joint returns with federal adjusted gross income in excess of \$250,000 and \$200,000 for all other filers;
- Phases out the Nebraska Personal Exemption Credit in increments of 2% for all filers with federal adjusted gross income in excess of \$250,000;
- Subjects out-of-state corporations to the corporate income tax if they earn more than \$500,000 per calendar year from the sale of intangibles or services in this state; and
- Reduces the top corporate income tax rate by .10 per year over four years to bring the top marginal rate into conformity with the top individual marginal rate of 6.84%.

Disposition at Sine Die:

LB 288 was advanced to General File with AM 1594. LB 288 did not advance from General File and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LB 477 (Vargas) Provide an income tax exemption for Segal AmeriCorps Education Awards

Introduced Version:

The bill creates an exclusion from individual income tax for amounts received as a Segal AmeriCorps Education Award, to the extent such amount is included in adjusted gross income. The exclusion is available for taxable years beginning or deemed to begin on or after January 1, 2020.

After completing a term of service, AmeriCorps members are eligible to receive the Segal AmeriCorps Education Award to pay education costs at qualified institutions of higher education, for educational training, or to repay qualified student loans. The current maximum award is \$5,920.00 as of October 1, 2017.

Disposition at Sine Die:

LB 477 was advanced to General File. LB 477 was passed on Final Reading, 39-4-6, and was approved by the Governor on August 17, 2020.

LB 615 (Hilgers) Reduce income tax rates and provide for certain transfers from the Cash Reserve Fund

Introduced Version:

The bill phases in a reduction in the top individual and corporate income tax rates. Each November the Tax Rate Review Committee is to determine whether the expected rate of growth in net General Fund receipts is at least 3 ½ percent for the upcoming fiscal year and that the balance of the Cash Reserve Fund is at least \$500 million.

If so, the Committee must then certify such to the Tax Commissioner who shall reduce the individual and corporate income tax rates as prescribed and certify such to the State Treasurer who shall transfer \$75 million from the Cash Reserve Fund to the Property Tax Credit Cash Fund.

The Tax Commissioner reduces the top income tax rates each time the certification is received until both the individual and corporate income tax top rates are reduced to 5.99 percent. The current top rates are 6.84 percent for individual and 7.81 percent for corporate. Each change in rates shall take effect for the taxable year beginning or deemed to begin on or after the first January 1 following such reduction.

Disposition at Sine Die:

LB 615 was not advanced from committee and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LB 661 (Friesen) Change income tax provisions and the distribution of certain income tax revenue

Introduced Version:

The bill reverses some of the income tax changes implemented in the past few years. It repeals the indexing of individual income tax brackets as of January 1, 2020 but retains the indexing of income thresholds for social security exclusion purposes.

It phases out the Nebraska personal exemption credit that was instituted last year under LB1090 (2018) by two percent for each \$2,500 (or \$1,250 in the case of married filing separate taxpayers) by which the taxpayer's AGI exceeds the amounts under Internal Revenue Code §68(b) as it existed prior to December 22, 2017. Such amounts are:

\$300,000 in the case of a joint return or a surviving spouse;
\$275,000 in the case of a head of household;
\$250,000 in the case of an individual who is not married and who is not a surviving spouse or head of household; and
\$150,000 in the case of a married individual filing a separate return.

These amounts are to be indexed for inflation.

It also reinstates what was known as the Nebraska Additional Tax for taxpayers whose income exceed these same amounts. The mathematical calculation amounts to taxing all income at the highest marginal rates rather than using the graduated bracket rates.

The increase in revenue from this bill is to be determined annually by the Department of Revenue and credited to the Property Tax Credit Cash Fund.

Disposition at Sine Die:

LB 661 was not advanced from committee and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LB 664 (Friesen) Provide for certain income tax deductions

Introduced Version:

The domestic production activities deduction (DPAD) under section 199 of the Internal Revenue Code had been in effect since 2005. The DPAD was repealed by the Tax Cuts and Jobs Act of 2017 (TCJA), so that no deduction is allowed for tax years beginning after 2017.

LB664 would create a Nebraska level DPAD based on the federal deduction. It is computed as an amount equal to nine percent or the lesser of qualified production activities income (QPAI) or taxable income and is limited to 50 percent of Form W-2 wages attributable to domestic production.

QPAI means an amount equal to the excess, if any, of the taxpayer's domestic production gross receipts for the taxable year over the sum of the cost of goods sold that are allocable to gross receipts and other expenses, losses, or deductions which are properly allocable to such receipts.

Domestic production gross receipts means the gross receipts of the taxpayer which are derived from:

- Any lease, rental, license, sale, exchange, or other disposition of:
 - Qualifying production property which was manufactured, produced, grown, or extracted by the taxpayer in whole or in significant part within the United States;
 - Any qualified film produced by the taxpayer; or

- Electricity, natural gas, or potable water produced by the taxpayer in the United States;
- In the case of a taxpayer engaged in the active conduct of a construction trade or business, construction of real property performed in the United States by the taxpayer in the ordinary course of such trade or business; or
- In the case of a taxpayer engaged in the active conduct of an engineering or architectural services trade or business, engineering or architectural services performed in the United States by the taxpayer in the ordinary course of such trade or business with respect to the construction of real property in the United States.

Domestic production gross receipts shall not include gross receipts of the taxpayer which are derived from:

- The sale of food and beverages prepared by the taxpayer at a retail establishment;
- The transmission or distribution of electricity, natural gas, or potable water; or
- The lease, rental, license, sale, exchange, or other disposition of land.

Qualified production property means:

- Tangible personal property;
- Any computer software; and
- Any property described in section 168(f)(4) of the Internal Revenue Code of 1986, as amended.

The bill provides a lengthy definition of “qualified film.” It parallels the federal deduction with regard to S Corporations and partnerships, requiring the calculations to be done at the entity level. For individual taxpayers, adjusted gross income is substituted for taxable income. Qualified payments from a Co-Op may also be included in the deduction.

Disposition at Sine Die:

LB 664 was not advanced from committee and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LB 714 (Crawford) Adopt the Nebraska Industrial New Job-training Act and authorize the transfer of certain withholding taxes

Introduced Version:

LB714 proposes to create the Nebraska Industrial New Job Training Act (Act). The Department of Economic Development (DED) will administer the Act. DED may adopt and promulgate rules and regulations to carry out the provisions of this Act.

The bill outlines the application process for a project under the Act. Employers will apply to DED. Information on the application shall include:

- The name of the employer

- The community college to be involved in the project
- Services and other assistance to be provided by the community college
- The number of new jobs to be created by the project
- The average wage expected to be paid for such new jobs.

DED will approve the project if the following conditions are met:

- The project will result in new jobs with an average wage more than the Nebraska average wage
 - Nebraska average wage means the most recent average weekly wage paid by all employers in all counties reported by the Department of Labor by October 1 of the year prior to the application.
- The project will provide industry-approved training
- The project will comply with the requirements of this Act.

After the project has been approved by DED, the employer and the community college will enter into an agreement to establish the project. The agreement shall include:

- Provisions addressing how project costs will be paid. This may include one or a combination of the following:
 - New job withholding payments to be received from new jobs created as a result of the project
 - Tuition, student fees, or special charges fixed by the board of governors to defray project costs
- A provision requiring that costs of on-the-job training for employees shall not exceed 50% of the annual gross payroll costs for such employees
- The number of new fulltime jobs and part-time jobs to be created and the level of wages and benefits to be paid for the new jobs
- Any payments required to be made by the employer

Any payments to be made by the employer under the terms of the agreement shall be considered a lien on the employer's business property until the payments are paid in full.

The community college is required to notify the Department of Revenue of the agreement as soon as possible. The Department of Revenue shall develop a system for tracking agreements entered into under the Nebraska Industrial New Job-training Act.

LB714 provides the guidelines for new job withholding payments. New job withholding payments means the payments made from the withholding taxes of employees which are used to pay project costs. These payments will be paid to the community college. The amount of the new job withholding payments will be based on the wages paid to employees in the new jobs based on the rate of pay and a percent of gross wages.

- For an employee with a rate of pay that is less than 200% of the Nebraska average wage, the new job withholding payment shall be an amount equal to one and .5% of the gross wages paid to such employee.
- For an employee with a rate of pay of at least 200% of the Nebraska average wage, the new job withholding payment shall be an amount equal to 3% of the gross wages paid to such employee.

The employer shall pay the new job withholding payments out of the amount of funds withheld from the employees' wages for state withholding taxes. The employer shall remit the amount of the new job withholding payments quarterly to the community college. The community college will be required to establish a special fund for the new job withholding payments. The monies in the special fund will finance the project. The new job withholding payments and the special fund into which they are paid shall be irrevocably pledged by a community college for the payment by a community college to finance the project.

If the amount of the new job withholding payments is more than the withholding taxes actually owed by the employer to the Department of Revenue, the the employer shall receive a credit against other withholding taxes due from the employer in the amount of the difference.

The employer shall certify to the Department of Revenue that the new job withholding payments paid to the community college are in accordance with an agreement. The employer will also provide other information as the Department of Revenue may require. A community college shall certify to the Department of Revenue the amount of new job withholding payments an employer has remitted to the community college and provide other information as the Department of Revenue may require.

An employee in a new job shall receive full credit with respect to payment of all withholding taxes due from the employee for the amount of any new job withholding payments made to community colleges pursuant to this Act.

Community colleges will report all agreements to DED. DED will be required to submit electronically an annual report on the Act to the Revenue Committee. The annual report will contain the information listed below.

- A listing of the approved projects. The list will include the community colleges and employers involved in the project. It will include a reference to the industry group of such employers under the Standard Industrial Classification System as compiled by the United States Department of Labor.
- The number of employees who entered training and the number of employees who completed training in each project and the wages and benefits paid to employees before and after training.
- The number of degrees or certificates awarded to employees by calendar year
- The number of employees employed full-time and part-time as a result of the project
- The rate of retention of employees one year after the completion of the training as reported by the employer.

The Department of Revenue will be required to electronically submit an annual report to the Revenue Committee. The annual report will contain the information listed below.

- The amount of new job withholding payments that employers have remitted to community colleges each year and cumulatively
- The total number of agreements entered into under the Act each year and cumulatively.

Disposition at Sine Die:

LB 714 was not advanced from committee and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LB 738 (Wayne) Change individual income tax brackets and rates

Introduced Version:

The bill adds a fifth bracket to the individual income tax with a rate of 7.84%. This would apply to AGI of \$5,000,000 or more for married filing joint taxpayers and \$2,500,000 or more for all other filers. This new bracket would be effective for taxable years beginning or deemed to begin on or after January 1, 2020.

Disposition at Sine Die:

LB 738 was not advanced from committee and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LB 805 (Wayne) Provide an income tax deduction for certain wages paid to individuals convicted of a felony

Introduced Version:

The bill would create a deduction from adjusted gross income or federal taxable income equal to 65 percent of the wages paid to an individual who has been convicted of a felony in Nebraska or any other state. The deduction covers only the wages paid in the first 12 months of employment. The total amount of the deduction for any one person may not exceed \$20,000.

The deduction would apply to tax years beginning or deemed to begin on or after January 1, 2021.

Committee Amendment: AM 2571 - pending

The amendment reduces the maximum credit per employee from \$20,000 to \$10,000

Disposition at Sine Die:

LB 805 was advanced to General File with AM 2571. LB 805 did not advance from General File and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LB 806 (Wayne) Exempt social security benefits and retirement benefits from taxation as prescribed

Introduced Version:

The bill would exempt certain retirement benefits from Nebraska income tax to the extent they are included in federal adjusted gross income.

These retirement benefits include:

1. Social Security;
2. IRC Section 401(a)
 - a. A trust created or organized in the United States and forming part of a stock bonus, pension, or profit-sharing plan of an employer for the exclusive benefit of his employees or their beneficiaries;
3. IRC Section 403(a)
 - a. An annuity contract purchased by an employer for an employee under a plan which meets the requirements of section 404(a)(2) (whether or not the employer deducts the amounts paid for the contract under such section);
4. Class V School Employees Retirement Act;
5. County Employees Retirement Act;
6. Judges Retirement Act;
7. State Patrol Retirement Act;
8. School Employees Retirement Act;
9. State Employees Retirement Act;
10. U.S. Civil Service Retirement System;
11. Federal Employees Retirement System; and
12. Military retirement.

The bill would be effective for tax years beginning or deemed to begin on or after January 1, 2021.

NOTE: There are other retirement systems that are not included in the bill. As such, there is a potential constitutional issue of special legislation.

Disposition at Sine Die:

LB 806 was not advanced from committee and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LB 819 (Brewer) Change provisions relating to the taxation of benefits received under the federal Social Security Act

Introduced Version:

The bill would exempt Social Security retirement benefits from Nebraska income tax to the extent they are included in federal adjusted gross income.

Married Filing Joint Taxpayers – Exempt Amount

	AGI less than \$75,000	\$75,000-\$80,000	\$80,000-\$85,000	\$85,000-\$90,000	\$90,000-\$95,000
Tax Year 2021	20%	16%	12%	8%	4%
Tax Year 2022	40%	32%	24%	16%	8%

Tax Year 2023	60%	48%	36%	24%	12%
Tax Year 2024	80%	64%	48%	32%	16%
Tax Year 2025	100%	80%	60%	40%	20%

If AGI is \$95,000 or more, there is no exemption.

Single, Head of Household, and Married Filing Separate Taxpayers – Exempt amount

	AGI less than \$60,000	\$60,000-\$65,000	\$65,000-\$70,000	\$70,000-\$75,000	\$75,000-\$80,000
Tax Year 2021	20%	16%	12%	8%	4%
Tax Year 2022	40%	32%	24%	16%	8%
Tax Year 2023	60%	48%	36%	24%	12%
Tax Year 2024	80%	64%	48%	32%	16%
Tax Year 2025	100%	80%	60%	40%	20%

If AGI is \$80,000 or more, there is no exemption.

The amounts are to be indexed for inflation by the Tax Commissioner for each tax year.

Disposition at Sine Die:

LB 819 was not advanced from committee and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LB 891 (Hilgers) Provide an income tax credit for overtime pay

Introduced Version:

The bill would create a nonrefundable credit under the income tax for persons whose reported wages include overtime pay. The credit would be equal to 6.84% of the amount of overtime included in reported wages.

“Overtime” means compensation that is paid for hours worked in excess of 40 hours in a workweek and is paid at a rate equal to at least 1 ½ times the individual’s regular rate of pay.

“Reported wages” means the total amount of wages, tips or other compensation paid during the taxable year, as reported on IRS Form W-2.

Disposition at Sine Die:

LB 891 was not advanced from committee and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LB 892 (Hilgers) Change individual income tax brackets

Introduced Version:

The bill adjusts the income thresholds within each of the four individual income tax brackets for taxable years beginning or deemed to begin on or after January 1, 2021. The charts below show the current bracket thresholds as indexed for inflation and the changes under the bill:

Tax Year 2019		LB892	
<u>Single</u>		<u>Single</u>	
\$0 to \$3,230	2.46%	\$0 to \$3,289	2.46%
\$3,231 to \$19,330	3.51%	\$3,290 to \$19,699	3.51%
\$19,331 to \$31,160	5.01%	\$19,700 to \$49,999	5.01%
\$31,161 and over	6.84%	\$50,000 and over	6.84%
<u>Married Filing Joint</u>		<u>Married Filing Joint</u>	
\$0 to \$6,440	2.46%	\$0- \$6,569	2.46%
\$6,441 to \$38,680	3.51%	\$6,570 to \$39,409	3.51%
\$38,681 to \$62,320	5.01%	\$39,410 to \$ 99,999	5.01%
\$62,321 and over	6.84%	\$100,000 and over	6.84
<u>Head of Household</u>		<u>Head of Household</u>	
\$0 to \$6,020	2.46%	\$0 to \$6,129	2.46%
\$6,021 to \$30,940	3.51%	\$6,130 to \$31,529	3.51%
\$30,941 to \$46,200	5.01%	\$31,530 to \$74,139	5.01%
\$46,201 and over	6.84%	\$74,140 and over	6.84%
<u>Married Filing Separate</u>		<u>Married Filing Separate</u>	
\$0 to \$3,230	2.46%	\$0 to \$3,289	2.46%
\$3,231 to \$19,330	3.51%	\$3,290 to \$19,699	3.51%
\$19,331 to \$31,160	5.01%	\$19,700 to \$49,999	5.01%
\$31,161 and over	6.84%	\$50,000 and over	6.84%
<u>Estates and Trusts</u>		<u>Estates and Trusts</u>	
\$0 to \$530	2.46%	\$0 to \$499	2.46%
\$530 to 5,050	3.51%	\$500 to \$4,699	3.51%

\$5,050 to 16,270	5.01%	\$4,700 to \$15,149	5.01%
\$16,270 and over	6.84%	\$15,150 and over	6.84%

The bracket thresholds would continue to be indexed for inflation using the Consumer Price Index for All Urban Consumers from the 12 months ending on August 31, 2020 to the 12 months ending August 31 of the year preceding the taxable year.

Disposition at Sine Die:

LB 892 was not advanced from committee and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LB 1189 (McDonnell) Adopt the Firefighter Cancer Benefits Act and provide an income tax exemption for such benefits

Introduced Version:

The bill creates the Firefighter Cancer Benefits Act. Beginning on or after the operative date, every rural or suburban fire protection district, airport authority, city, village, or nonprofit corporation shall provide and maintain enhanced cancer benefits for firefighters unless he or she is already provided paid firefighter cancer benefits pursuant to Neb.Rev.Stat.§35-1001.

A graduated scale of enhanced cancer benefits are to be provided in either a lump sum or in monthly payments, depending on the degree of severity of the disease:

- \$25,000 lump sum for;
 - Each diagnosis of one or more malignant tumor that has metastasized and requires surgery, radiotherapy or chemotherapy;
 - Or if there is a tumor of the prostate;
 - Or such firefighter has terminal cancer and has a life expectancy of 24 months or less.
- \$6,250 lump sum for;
 - Each diagnosis of carcinoma that requires surgery, radiotherapy or chemotherapy;
 - Malignant tumors; or
 - Malignant melanomas.
- A monthly benefit of \$1,500 for disability caused by cancer that precludes the firefighter from serving for up to 36 consecutive months; and
- Death benefits of \$50,000 to the beneficiaries.

The combined benefits under the Act are not to exceed \$50,000 during the firefighter’s lifetime. A firefighter may not receive benefits from more than one department and remains eligible for these benefits for 60 months after formal cessation of their status as a firefighter. The State Fire Marshall is to report on the use of the program annually to the Legislature and the Governor beginning December 1, 2022.

Benefits received under the Act are excluded from federal adjusted gross income for Nebraska income tax purposes.

Disposition at Sine Die:

LB 1189 was not advanced from committee and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LB 1203 (Linehan) Change provisions relating to an income tax deduction for dividends received from certain corporations

Introduced Version:

The bill changes a deduction under the personal and corporate income tax.

It clarifies that repatriated Global Intangible Low-Taxed Income (“GILTI”) is to be treated as dividends received or deemed to be received from corporations which are not subject to the Internal Revenue Code and therefore excluded from federal AGI on the Nebraska return for individuals or federal taxable income for corporations.

The federal treatment of GILTI was changed under the Tax Cuts and Jobs Act of 2017. It was designed to encourage U.S. companies to bring foreign-earned income back to the U.S. The Act did this by providing a reduced rate of tax for income earned by these “controlled foreign corporations.” The income is included in the federal gross income of the U.S. corporations or shareholders and a portion is allowed to be deducted before arriving at federal taxable income. This type of cash income is then taxed at 15.5% rather than 21% at the federal level. Non-cash assets are taxed at 8%.

Historically, Nebraska has not taxed foreign-earned income. To the extent foreign-earned income was brought back to the U.S., it was treated as a foreign dividend or as Subpart F income and deducted on the state return. However, because of the way the federal changes were enacted and the fact that Nebraska conforms to the federal rules for income tax, a technical interpretation of the federal Act results in GILTI income being included on the Nebraska return and it may not be deducted as a foreign dividend or as Subpart F income.

The Department of Revenue issued a General Information Letter (“GIL”) on December 10, 2019 providing guidance on this matter. The GIL also provides guidance for those entities that are taxable in one or more states including Nebraska. Under Nebraska’s single factor apportionment methodology, the GILTI income is included in the denominator of the apportionment factor. Whether the income is also included in the numerator of the factor is determined by the entities commercial domicile. If the commercial domicile is in Nebraska, the income is presumed to have been earned here and included in the numerator. If another state is the commercial domicile, then none of the income is included in the numerator. The denominator is then divided into the numerator to arrive at the apportionment factor. Nebraska income is multiplied by the factor to arrive at Nebraska taxable income.

LB1203 would clarify that since Nebraska did not tax this type of income before the federal Act, and since there has been no change in Nebraska law, this income would still be fully deductible for Nebraska purposes. It would apply retroactively to allow entities who have paid tax on GILTI income to file amended returns deducting this income from the Nebraska return in its entirety.

Disposition at Sine Die:

LB 1203 was not advanced from committee and was indefinitely postponed with the end of the legislative session on August 13, 2020.

Nebraska Educational Savings Trust (NEST 529)

LB 470 (La Grone) Exempt dwelling complexes located on United States Department of Defense military installations from taxes as prescribed and authorize and provide tax deductions for contributions to the Nebraska educational savings plan trust by employers and persons other than participants as prescribed

Introduced Version:

LB470 makes changes to the Nebraska Education Savings Plan Trust (“NEST”) and the Achieving a Better Life Experience Program (“ABLE”).

The ABLE program allows anyone to make contributions to an account. The NEST program currently allows only the “participant” (account owner) to make contributions to an account. The bill allows “nonparticipants” to also make contributions to NEST accounts.

A “nonparticipant” is defined under the bill as:

“...a person other than the participant who makes contributions to an account which is established under the Nebraska educational savings plan trust for the purpose of meeting the qualified higher education expenses of a beneficiary.”

Under current law, contributions to a NEST account may be deducted by the participant from federal adjusted gross income, or for corporations, federal taxable income, up to a maximum deduction of \$5,000 for taxpayers who are married filing separate and \$10,000 for all other taxpayers. The same caps apply to any contributions made to an ABLE account.

Under the bill, these caps on deductions would be removed and would allow nonparticipants to claim the same tax benefits as participants under a NEST account.

The operative date is set as January 1, 2020.

Technical Note: The bill does not clarify the tax year in which these changes would be applicable.

Committee Amendment: AM 896 - adopted

The amendment becomes the bill. It combines various provisions of LB444 (McDonnell) to exempt military housing from property tax, LB470 (La Grone) to streamline contributions under the Nebraska Educational Savings Plan Trust (“NEST”) and LB545 (Wayne) to authorize employer contributions to employee plans under the NEST program.

LB444 (McDonnell)

The amendment exempts certain military housing from real property taxation. In *Offutt Housing Co. v. Sarpy County*, 351 U.S. 253 (1956), 76 S. Ct. 814, 100 L. Ed. 1151, the State and U.S. Supreme Courts held that to the extent this type of property may be taxed by a state or local authority, it must be taxed as personal property rather than real property.

The amendment exempts from personal property taxation "a dwelling complex and any related amenities located on a United States Department of Defense military installation in this state "developed pursuant to a federal military housing privatization initiative." The developer is required to make payments in lieu of taxes ("PILOTS") to:

- Schools at 100% of real property taxes that would otherwise be due;
- The county at 5% of taxes otherwise due for the county general fund, which the county may waive; and
- A new infrastructure maintenance fund, administered by the State Auditor, at 95% of taxes otherwise due which may only be used for capital repair, maintenance and improvement of the housing development.

The amendment provides for certification requirements due to the Department of Revenue and enforcement authority if needed through the Attorney General. The property is still required to be valued by the county. The operator of the complex must determine and certify to the county the number of units not leased to members of the military and pay taxes on these units accordingly.

LB470 (La Grone)

The amendment authorizes any nonparticipant to contribute to a NEST account and qualify for the same deduction from Adjusted Gross Income (\$5,000 married filing separate or \$10,000 for all other filers) as if they were a participant (owner) of the account. If the account is canceled for cause, the nonparticipant receives their own contributions back. This eliminates the requirement that every contributor must open their own NEST account for the same beneficiary in order to claim the deduction.

LB545 (Wayne)

The amendment authorizes employers to make contributions to NEST accounts owned by an employee. The amendment allows the employee/owner of a NEST account to include any contributions made by their employer towards the deduction of \$5,000 or \$10,000 from AGI. If the account is canceled for cause, the participant receives their own contributions back plus the employer contribution. An employer making such a contribution may not claim a deduction as a "nonparticipant."

Contributions to an account by an employer of the participant shall not be considered for purposes of receiving benefits or aid to individuals under any government program administered by any agency of the state.

Disposition at Sine Die:

LB 470 was advanced to General File with AM 896. LB 470 was passed on Final Reading with Emergency Clause, 43-2-4. LB 470 was returned by the Governor without approval on June 04, 2019.

LB 545 (Wayne) Change income tax provisions relating to the Nebraska educational savings plan trust and authorize employer contributions to the trust

Introduced Version:

LB545 makes changes to the Nebraska Education Savings Plan Trust ("NEST").

The NEST program currently allows only the "participant" (account owner) to make contributions to an account. The bill would allow a participants' employer to make contributions and allow the participant to add the employer contribution to the amount of the tax deduction. The bill defines "employer contribution" as one made to the account of a participant who is an employee.

Under current law, contributions to a NEST account may be deducted by the participant from federal adjusted gross income, or for corporations, federal taxable income, up to a maximum deduction of \$5,000 for taxpayers who are married filing separate and \$10,000 for all other taxpayers.

The bill allows any taxpayer to designate any portion of a Nebraska individual income tax refund as a contribution to a NEST account and requires the Tax Commissioner to accommodate this on the individual income tax return. The State Treasurer is then directed to transfer such funds to the appropriate account with the NEST Program Fund.

The bill also prohibits employer contributions from being included in the participant's income for purposes of determining their qualification for state administered benefits programs or aid to individuals based on financial need.

The operative date is set as January 1, 2020.

Disposition at Sine Die:

LB 545 was amended into LB 470 with AM 896. LB 470 was passed on Final Reading with the Emergency Clause, 43-2-4. LB 470 was returned by the Governor without approval on June 04, 2019.

LB 610 (Lindstrom) Adopt the Meadowlark Act, the Employer Matching Contribution Incentive Program, and the College Savings Plan Low-Income Matching Scholarship Program and change the Nebraska educational savings plan trust

Introduced Version:

LB610 creates the College Savings Tax Credit Act under the Nebraska Education Savings Plan Trust ("NEST").

Under the Act, an employer may make a contribution to a college savings account that matches an employee contribution for the same taxable year. The employer would be entitled to a nonrefundable credit equal to 25 percent of the matching contribution, not to exceed \$2,000 per employee. The credit may be carried forward for five years.

The credit is available for tax years beginning or deemed to begin on or after January 1, 2020.

Committee Amendment: AM 917 – adopted

The amendment changes the original bill from a nonrefundable income tax credit program to an employer incentive program. The program would be administered by the State Treasurer rather than the Department of Revenue. An eligible employer would receive an incentive payment from the State Treasurer's office equal to 25 percent of the matching contribution, not to exceed \$2,000 per employee.

Prior to June 30 of each year, the State Treasurer would determine the total amount of incentive payments approved for the year, transfer such amount from the General Fund to the College Savings Incentive Cash Fund, and distribute the incentive payments to the approved employers. The amendment sets a cap of \$250,000 per year in approved rebates.

The amendment delays the implementation date until January 1, 2022

Disposition at Sine Die:

LB 610 was advanced to General File with AM 917. LB 610 was passed on Final Reading, 48-0-1, and was approved by the Governor on May 30, 2019.

LB 688 (Cavanaugh) Provide for contributions to the Nebraska educational savings plan trust from income tax refunds

Introduced Version:

LB688 makes changes to the Nebraska Education Savings Plan Trust (“NEST”).

The bill allows a taxpayer to designate a specified amount of a Nebraska individual income tax refund as a contribution to the taxpayer’s NEST account and requires the Tax Commissioner to accommodate this on the individual income tax return. The State Treasurer is then directed to transfer such funds to the appropriate account with the NEST Program Fund.

The bill would be effective for “the 2020 tax year.”

Disposition at Sine Die:

LB 688 was not advanced from committee and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LB 705 (Murman) Provide for distribution of funds upon death from an achieve a better life experience account

Introduced Version:

LB705 makes changes to the Achieving a Better Life Experience Program (“ABLE”).

The bill provides that upon the death of a designated beneficiary of an account under the program, the owner of the account or the beneficiary’s personal representative may transfer the account balance to another account under the program, as specified by the owner, the designated beneficiary or the estate of the beneficiary. Before such a transfer the State Treasurer is required to notify the specified parties of the potential tax consequences of such a transfer.

The bill also provides that upon the death of a beneficiary and after the Department of Health and Human Services has received approval from the Centers for Medicare and Medicaid Services of the United States Department of Health and Human Services, the state shall not seek recovery of any amount remaining in the account for any medical assistance received by the beneficiary or their spouse or dependent under the medical assistance program pursuant to the Medical Assistance Act after the account was established.

Finally, the bill provides that the state shall not file a claim for the payment under subdivision (f) of section 529A of the Internal Revenue Code, which provides: (f)Transfer to State

Subject to any outstanding payments due for qualified disability expenses, upon the death of the designated beneficiary, all amounts remaining in the qualified ABLE account not in excess of the amount equal to the total medical assistance paid for the designated beneficiary after the establishment of the account, net of any premiums paid from the account or paid by or on behalf of the beneficiary to a Medicaid Buy-In program under any State Medicaid plan established under title XIX of the Social Security Act, shall be distributed to such State upon filing of a claim for payment by such State. For purposes of this paragraph, the State shall be a creditor of an ABLE account and not a beneficiary. Subsection (c)(3) shall not apply to a distribution under the preceding sentence.

Disposition at Sine Die:

LB 705 was advanced to General File with AM 162. LB 705 was passed on Final Reading, 48-0-1, and was approved by the Governor on August 6, 2020.

LB 865 (Wayne) Provide for contributions of income tax refunds to accounts established under the Nebraska educational savings plan trust

Introduced Version:

The bill would allow participants in the Nebraska Educational Savings Plan Trust (“NEST”) to deduct an employer contribution to the participant’s account to the extent the employer contribution was included in federal adjusted gross income of the participant.

Employer contribution means a contribution that is made by an employer to the account of a participant who is an employee of such employer.

The bill also allows an individual to designate that a tax refund due on the Nebraska individual income tax return be contributed to their account.

The bill makes necessary changes to definitions within the NEST statutes and simplifies the definition of a “matching contribution” by an employer.

The bill is effective for tax years beginning or deemed to begin on or after January 1, 2021.

Disposition at Sine Die:

LB 865 was advanced to General File. LB 865 moved from General File to Select File. LB 865 failed to advance from Select File and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LB 1042 (La Grone) Change provisions regarding the Nebraska educational savings plan trust and the Meadowlark Program and provide for tax deductions for certain contributions

Introduced Version:

The bill would allow participants in the Nebraska Educational Savings Plan Trust (“NEST”) to deduct an employer contribution to the individuals account to the extent the employer contribution was included in federal adjusted gross income of the employee. The deduction is limited to \$5,000 for married filing separate returns and \$10,000 for all other returns.

Employer contributions may not be considered in determining income of any individual for eligibility for any program administered by any agency of the state.

The bill amends the definition of qualified higher education expenses to include:

- The costs of an apprenticeship program registered and certified by the U.S. Secretary of Labor under 29 U.S.C. 50; or
- Amounts paid on or after January 1, 2019 as principal or interest on any qualified education loan defined in 26 U.S.C. 221 of the beneficiary or sibling of a designated beneficiary.

The amount of principal and interest may not exceed \$10,000 for all tax years of the designated beneficiary or sibling of the designated beneficiary.

\$59,188 is to be transferred to the Department of Revenue Miscellaneous Receipts Fund on or before July 15, 2020 to defray the costs of implementing this bill.

The bill is effective for tax years beginning or deemed to begin on or after January 1, 2021 and contains the E Clause.

Committee Amendment: AM 2181 - adopted

The amendment strikes original section 3 which would have allowed the use of "NEST" funds to repay student loans.

Disposition at Sine Die:

LB 1042 was advanced to General File with AM 2181. LB 1042 was passed on Final Reading with Emergency Clause, 47-0-2, and was approved by the Governor on August 7, 2020.

Property Tax

LB 63 (Groene) Change tax levy provisions relating to rural and suburban fire protection districts and change the Mutual Finance Assistance Act

Introduced Version:

LB63 relates to rural and suburban fire protection districts and to the Mutual Finance Assistance Act. The bill has an operative date of January 1, 2020.

Rural and Suburban Fire Protection Districts

- Members of the board of directors of a rural or suburban fire protection district may receive up to \$50 for each meeting of the board.
 - Current language provides them with \$25 for each meeting.
- Rural or suburban fire protection districts that have levy authority will be required to certify the amount of tax levied to the county clerk on or before September 20.
 - Current language requires certification to the county clerk on or before August 1.
- Rural or suburban fire protection districts that do not have levy authority shall be required to request the amount of tax to be levied on or before August 1 pursuant to the provisions in 77-3443(3).
 - Under the provisions of 77-3443(3), if a political subdivision fails to submit the request, the political subdivision may not use the procedures to exceed the final levy allocation (levy override election).

Mutual Finance Assistance Act

- An agreement to create a mutual finance organization shall include the following :
 - A duration of at least 3 years;
 - Requirement that all members of the mutual finance organization levy the agree-upon property tax request rate within their boundaries for 1 of every 3 tax years covered by the agreement; and
 - A requirement that all members of the mutual finance organization levy no more than the agreed-upon property tax rate for the remaining tax years covered by the agreement.
 - The property tax rate excludes levies to retire bonded indebtedness.
- Any mutual finance organization does not meet the requirements stated above will not be eligible to receive monies from the Mutual Finance Assistance Fund.

Committee Amendment: AM 77 – adopted

The amendment removes the original operative date and replaces it with the emergency clause

Disposition at Sine Die:

LB 63 was advanced to General File with AM 77. LB 63 was passed on Final Reading with the Emergency Clause, 45-0-4. LB 63 was approved by the Governor on March 07, 2019.

LB 103 (Linehan) Change the procedure for setting a political subdivision's property tax request

Introduced Version:

LB103 requires every political subdivision that requests property tax dollars to pass a resolution or ordinance requesting the amount of property taxes that has been adopted in the budget document.

When an increase in the ensuing tax year’s certified valuation would result in an increase in property tax dollars requested, the political subdivision will be required to reduce its tax rate to generate the same amount of property tax dollars generated in the current year. This reduction shall be calculated by using the current year’s property tax rate multiplied the by ensuing year’s increased certified valuation.

For example: The tax rate to generate the budgeted tax request in 2017-18 is \$1.05. The proposed budget for 2018-19 includes \$11,452,446 of property tax dollars at a tax rate of \$1.05. Because there is an increase in the certified valuation, LB103 would require this political subdivision to reduce its property tax rate to .9938 to generate the same amount of tax dollars requested in 2017-18

Fund	2017-18 Property Tax Request	2017-18 Tax Rate	2017-2018 Certified Valuation	2018-19 Property Tax Rate	2018-19 Proposed Property Tax Request	2018-19 Proposed Tax Rate	2018-19 Certified Valuation
General	10,839,758	1.05	1,032,357,951	.9938	11,452,446	1.05	1,090,709,138

To increase the tax levy and property tax dollars requested, the political subdivision shall hold a public hearing. The public hearing will require a 30-day publication notice. The public hearing may not be held at the same time as the budget hearing.

LB103 provides the required information for the notice of hearing. The required information includes:

- The time, day and place of the hearing.
- The name of the political subdivision
- The percentage increase in the certified valuation
- The tax rate that would generate the same amount of property tax dollars as the current year called the lowered tax rate.
- The proposed tax rate known as the effective tax rate increase.
- The percentage increase of the proposed budget.

The governing body will be required to pass a resolution or ordinance to set the property tax request at the higher amount. The resolution or ordinance will be filed with the county clerk on or before October 13.

Committee Amendment: AM 116 – adopted

AM116 strikes the original sections of LB103 and becomes the bill.

The governing body of a county, municipality, school district, learning community, sanitary and improvement district, natural resources district, education service unit, or community college shall be required to hold a public hearing to set its property tax request. The public hearing is required if:

- The annual assessment of property would result in an increase in the total property taxes levied, such subdivision will be required to reduce its property tax rate to generate no more than the amount of property tax dollars requested in the current year.

- The annual assessment of property would result in no change or a decrease in the total property taxes levied such subdivision will be required to adjust its property tax rate to generate no more than the prior year's property tax request.
- The governing body wishes to set its property tax request at an amount that exceeds its property tax request in the prior year.

The notice of hearing for the tax request shall be published in a newspaper of general circulation five days prior to the hearing. The hearing notice may be posted at the governing body's principal headquarters five days prior to the hearing if the political subdivisions total operating budget, not including reserves, does not exceed \$10,000 per year or \$20,000 per a biennial period.

The hearing notice shall contain the following information:

- Certified taxable value for the prior year
- Certified taxable value for the current year
- Percentage increase or decrease in the certified taxable value
- Dollar amount of prior year's tax request
- Property tax rate of prior year
- Property tax rate to fund prior year's tax request with current year's certified taxable value
- Proposed dollar amount of tax request for the current year
- Property tax rate necessary to fund the request
- Percentage increase or decrease in the property tax rate from the prior year to the current year
- Percentage increase or decrease in the total operating budget from the prior year to the current year
- The resolution or ordinance shall include, but not be limited to the following information:
- Name of political subdivision
- Amount of property tax request
- The percentage difference in the total assessed value
- The property tax rate to fund prior year's tax request with current year's certified taxable value
- The tax rate that will fund the proposed property tax request
- The percentage increase or decrease in the total operating budget
- The record vote of the governing body

The resolution or ordinance shall be filed with the county clerk on or before October 13 of the year applicable to the property tax request.

Disposition at Sine Die:

LB 103 was advanced to General File with AM 116. LB 103 was passed on Final Reading with the Emergency Clause, 47-0-2, and was approved by the Governor on March 12, 2019.

LB 134 (Stinner) Provide levy authority and duties for natural resources districts

Introduced Version:

A natural resource district that is located in a river basin, sub-basin or reach that has been fully appropriated or over-appropriated has the authority to tax an additional 3 cents to administer and implement ground water manage and integrated management activities under the Nebraska Ground Water Management and Protection Act.

LB134 would extend the authority to tax the additional 3 cents for fiscal years 2020-21 through 2027-28. The authority to tax the additional 3 cents ended with fiscal year 2017-18.

The bill would also require the NRD to keep separate records of the funds raised and document how the funds are expended to administer and implement ground water management activities & integrated management activities under the Nebraska Ground Water Management & Protection Act.

Disposition at Sine Die:

LB 134 was not advanced from committee and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LB 158 (Brewer) Change provisions relating to the assessed value of real property

Introduced Version:

LB158 would freeze the assessed value of real property for four tax years. Beginning with tax year 2020, the assessed value will be the same value as tax year 2019 plus the cost of any improvements made to the real property since January 1, 2019.

The same process would occur in tax years 2021, 2022, and 2023. The assessed value on January 1 of each tax year would be the same value as January 1 of the previous tax year plus any improvements.

Disposition at Sine Die:

LB 158 was not advanced from committee and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LB 183 (Briese) Change the valuation of agricultural land and horticultural land for purposes of certain school district taxes

Introduced Version:

LB183 would change the assessed value of agricultural and horticultural land used to retire bonded indebtedness to by 1% of its actual value. The acceptable range for valuation purposes would be .75% to 1% of actual value.

Currently the assess value of agricultural and horticultural land used to retire bonded indebtedness is 75% of its actual value.

Committee Amendment: AM 158 – adopted

The amendment changes the percentage of agricultural and horticultural land value for the repayment of school bonds from 1% of market value in the green copy to 30%. It clarifies that the reduced value applies to bonds passed after the effective date of the bill. It sets an acceptable range for the value between 24% and 30% of market value.

Disposition at Sine Die:

LB 183 was advanced to General File with AM 158. LB 183 advance from General File to Select File. LB 183 failed to advance from Select File and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LB 185 (Friesen) Change provisions relating to the special valuation of agricultural and horticultural land

Introduced Version:

LB185 would define qualifications for special valuation for agricultural and horticultural to include:

- The land must be located outside the corporate boundaries of any SID, city or village;
- The land must be agricultural or horticultural land; and,
- If the land consists of 5 contiguous acres or less, the owner or lessee must also provide IRS Schedule F showing a profit or loss from farm 2 of the last 3 years to qualify for special valuation.

The bill would become operative January 1, 2020.

Disposition at Sine Die:

LB 185 was advanced to General File. LB 185 was passed on Final Reading, 47-0-2, and was approved by the Governor on March 12, 2019.

LB 250 (Walz) Change provisions relating to agricultural land and horticultural land receiving special valuations

Introduced Version:

LB250 would change the qualifications for special valuation for counties with a population of 100,000 or more and counties with less than a population of 100,000.

To qualify for special valuation in a county with 100,000 or more population, all of the following criteria must be met:

- The land must be located outside the corporate boundaries of any SID, city or village; and
- The land must be agricultural or horticultural land.

In counties with 100,000 or less population, all of the following criteria must be met:

- The land must be located outside the corporate boundaries of any SID; and
- The land must be agricultural or horticultural land.

The bill has an operative date of January 1, 2020.

Disposition at Sine Die:

LB 250 was not advanced from committee and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LB 289 (Linehan) Change provisions relating to county assessor inspections of real property for property tax purposes

Introduced Version:

LB289 would change the timeframe for the county to review all parcels of real property. The bill, as introduced, is a placeholder bill.

Committee Amendment: AM 1572 – Pending

Sections 1 and 2– 76-901

- Increases the Documentary Stamp Tax from \$2.25 to \$3.25 per \$1,000 of value.
- Credits the \$1.00 increase in the Documentary Stamp Tax to the Property Tax Credit Cash Fund

Section 3 - 77-202

- Repeals the Personal Property Tax Exemption beginning in tax year 2019.

Section 4 – 77-382

- Repeals unnecessary requirements of the Tax Expenditure Report

Section 5 - 77-693, Section 6 - 77-801, Section 7 – 77-1238

- Changes made because of repeal of the personal property tax exclusion beginning in tax year 2019.

Section 8 - 77-1239

- Increases the appropriation to the Property Tax Credit Cash Fund by the \$14 million saved from repealing the Personal Property Tax Exemption

Section 9 – 77-1248

- Changes made because of repeal of the personal property tax exclusion beginning in tax year 2019.

Section 10 – 77-1327

- Changes made because of the increase in the Documentary Stamp Tax

Section 11 – 77-1514

- The county assessor shall prepare an abstract of the property assessment rolls of locally accessed personal property for tax years prior to tax year 2019.

Section 12 – 77-2602

- Increases the cigarette tax to \$1.00 per package.
 - Current cigarette tax rate is \$0.64 per package.
- Beginning July 1, 2019, and monthly thereafter, the State Treasurer will place the equivalent of \$0.36 of the cigarette tax in the Property Tax Credit Cash Fund.
- Operative Date: July 1, 2019

Section 13 - 77-2701.02

- Increase the sales tax rate from 5.5% to 6.00% beginning July 1, 2019.
- Operative Date: July 1, 2019

Section 14 – 77-2701.16

- Amends the definition of Gross Receipts under the sales and use tax to include the following services:
 - Labor for repair or maintenance of motor vehicles
 - Pet-related services
 - Moving services
 - Storage services
 - Clothes cleaning services. Includes dry cleaning services and other laundry services. Does not include self-service coin-operated washing machines and dryers.
 - Transportation network company services. Includes companies which provide prearranged transportation services using an online-enabled application or platform to connect passengers with participating drivers using a personal vehicle
 - Beauty and personal care services. Includes hair care, nail services, skin care and hair removal. Excludes massage services.
 - Tattoo or other body modification services
 - Maintenance, painting and repair for single family homes. Includes painting and wall covering services, poured concrete foundation and structure services, framing services, glass and glazing services, roofing services, siding services, electrical services, plumbing, heating and air conditioning services, drywall insulation services, flooring services, and carpentry services
 - Interior design services for single family homes
 - Limousine, taxi and other transportation services
 - Lawn care, gardening and landscaping services
 - Parking services. Includes hourly, daily, monthly parking and all other parking for a charge
 - Swimming pool cleaning and maintenance services
 - Dating and social escort services
 - Telefloral delivery services
 - Wedding planning
 - Weight loss programs and services, including nonmedical group or individual counseling, menu or exercise planning, weight and body measurement monitoring
 - Personal training services
- Operative Date: July 1, 2019

Section 15 – 77-2704.24

- Adds definitions for Candy, Pop and Bottled Water as defined in the Streamlined Sales and Use Tax Agreement
- Removes Candy, Pop, Bottled Water and Ice from the definition of “food and food ingredients”
- Language allows Governor to stay the collection of sales tax on bottled water for a 60-day period for any area of the state affected by a disaster, emergency, or civil defense emergency.

- Operative Date: July 1, 2019

Section 16 – 77-2715.07

- Increases the state Earned Income Tax Credit from 10% to 13% of the federal credit beginning in tax year 2020

Section 17 – 77-27,132

- On and after July 1, 2019, proceeds equal to any sales tax rate in excess of 5.5% derived from the sale or lease for periods of more than 31 days of motor vehicles, trailers, and semi-trailers shall be credited to the Highway Allocation Fund.
- An amount equal to the increase in sales tax as a result of increasing the sales tax rate will be credited to the Property Tax Credit Cash Fund.
 - The amount to be credited will be annually determined by the Tax Commissioner.
- Operative Date: July 1, 2019

Section 18 – 77-3442

- Changes the statutory maximum tax rate from \$1.05 per \$100 of taxable value to 6 cents per \$100 of taxable value plus a rate which will generate an amount equal to the local formula contribution rate.
 - The reduction in the statutory maximum levy begins for school fiscal year 2019-20 and each school fiscal year thereafter.
- Changes the levy exclusion for special building fund projects to be projects commenced prior to the effective date of this Act up to the amount that would be generated by a levy equal to the levy rate for such project for the 2018-19 fiscal year.
 - The current levy exclusion is for projects commenced prior to April 1, 1996.
- A Class V school district (Omaha Public Schools) may levy a maximum of an additional \$0.06 cents per \$100 of taxable valuation.
 - The additional levy to be used to meet the annual required contribution (ARC) to the Class V School Employees Retirement System.
- Proceeds from the levy will be transferred monthly by the Class V school district to the Class V School Employees Retirement System.
 - Proceeds from the additional levy shall only be used to meet the contribution obligation of the Class V school district to the Class V School Employees Retirement System.
- If the funded ratio of the actuarial value of assets and the funded ratio of the market value of assets are equal to or greater than 80% for 3 consecutive plan years after the effective date of this Act, the Class V school district will not have the authority to tax the additional \$0.06.
- Information to determine the amount noted above will come from the actuarially-prepared annual valuation of the retirement system.

- Updates the reference for the Federal Code.

Section 19 – 77-3446

- The base limitation for school fiscal year 2019-20 and thereafter is the inflation rate certified by the Tax Commissioner.

Section 20 – 77-4209

- Amends the Introduction to the Property Tax Credit Act.

Section 21 – 77-4210

- Amends the purpose of the Property Tax Credit Act to include property tax relief through addition TEEOSA funding

Section 22 - New Section/Property Tax Credit Fund

- On or before July 19, 2019 and on or before January 30 thereafter, the Department of Revenue shall determine the minimum amount necessary to be appropriated to the Property Tax Credit Cash Fund to carry out the requirements of the Property Tax Credit Act.
 - The amount will be certified to the Governor, Appropriations, Revenue, & Education Committees.
- The minimum amount certified shall equal the sum of the amounts certified by NDE to be transferred to the Tax Equity & Educational Opportunities Support Fund plus \$115 million.
- The Appropriations Committee shall annually include at least the minimum amount necessary to be appropriated to the Property Tax Credit Cash Fund.
- Additional funds available from reduction in current TEEOSA funding (\$38 million) and reduction in the Medicaid federal match rate (\$34 million) are to be credited to the Property Tax Credit Cash Fund.

Section 23 – New Section/Property Tax Credit Fund

- On or before July 15, 2019 and on or before January 15 thereafter, NDE shall certify an estimate of the statewide increase in TEEOSA to the State Treasurer and the Department of Revenue.
- Statewide increase will be from:
 - Changes to the method for calculating local formula contribution between 2018-19 and the school fiscal year for which such certification is being made; and,
 - The inclusion of foundation aid.
- For fiscal year 2019-20 and each year thereafter, the State Treasurer shall transfer an amount equal to the statewide increase in TEEOSA from the Property Tax Credit Cash Fund to the Tax Equity and Educational Opportunities Fund.

Section 24 – 77-4212

- The amount of relief granted under the Property Tax Credit Act for tax year 2017 and tax year 2018 shall be \$224 million.
- For tax year 2019 and thereafter, the amount of relief granted through property tax credits will be the amount available in the Property tax Credit Cash Fund after transferring funds to the Tax Equity and Educational Opportunities Fund.

Section 25 – 79-978.01

- Introduction to Class V (Omaha Public Schools) School Employees Retirement Act.

Section 26 – New Section/Class V School

- The Class V board of education will provide written notice to the board of trustees of the rate of levy for the current year and an estimate of the proceeds from the levy.
 - The notice will be provided on or before December 31, 2019 and each December 31 thereafter.
- The board of trustees will provide the information to the actuary for use in preparing the annual valuation report.

Section 27 – 79-9,113

- Adds language on the contribution by the Class V school district to include any amounts transferred to the system from the additional \$0.06 levy.
 - Adds new language the amount generated by the additional levy will be transmitted monthly.

Section 28 – 79-1001

- Introduction to the Tax Equity and Educational Opportunities Support Act (TEEOSA).

Section 29 – 79-1003

- In the definition for adjusted valuation – repeals “local effort rate yield” and adds “local formula contribution”.
- Defines allocated income tax funds as a form of assistance is for school fiscal years prior to 2019-20.
 - Repeals obsolete language that references the minimum levy adjustment.
- Adds a definition for cost index. Cost index means the CPI-U: US City Average, not seasonally adjusted, as prepared by the US Department of Labor, Bureau of Labor Statistics released in October of each year.
- Adjusts the receipts from levy override elections in calculating general fund operating expenditures (GFOE) to reflect the receipts from a levy override election will equal 99% of the difference in the total general fund levy minus the maximum levy permitted.
- Adds a definition for inflation rate. Inflation rate means the inflation rate certified by the Tax Commissioner for each school fiscal year.

- Adds a definition for local formula contribution. The local formula contribution is the amount included in formula resources.
- Adds a definition for local formula contribution inflation rate. The local formula contribution inflation rate means the local formula contribution inflation rate certified by the Tax Commissioner.

Section 30 – 79-1005.01

- The Tax Commissioner certifies to NDE the income tax liability of resident individuals for the preceding tax year.
 - The certification ends on November 15, 2018.

Section 31 – New Section/Foundation Aid

- Foundation aid is created for school fiscal year 2019 and thereafter.
- On or before June 17, 2019, on or before November 15, 2019 and on or before November 15 thereafter, the Tax Commissioner certifies to NDE the total state revenue contribution.
- The total state revenue contribution will equal 25% of:
 - The aggregate income tax liability for the most recently completed tax year; plus
 - The aggregate state sales tax collections for the most recently completed calendar year.
- The state revenue contribution per student is calculated for the certification of TEEOSA as the total state revenue contribution (calculated above) divided by the statewide K-12 Fall Membership.
 - For the final calculation of TEEOSA (or recalculation of TEEOSA), the state revenue contribution will be divided by the statewide Average Daily Membership (ADM).
- Foundation aid per student is calculated as the greater of:
 - The state revenue contribution per student, or
 - 25% of the basic funding per formula student up to a maximum of 150% of the state revenue contribution.
- Foundation aid to be paid to a local system for the certification of TEEOSA will be the foundation aid per student multiplied by the K-12 Fall Membership of the local system.
 - For the final calculation of TEEOSA (or year-end recalculation of TEEOSA), the foundation aid per student will be multiplied by the Average Daily Membership (ADM) of the local system.

Section 32 – 79-1007.11

- Removes the averaging adjustment as a component of the formula needs calculation for school fiscal year 2020-21 and thereafter.

Section 33 – 79-1007.18

- Sunsets the averaging adjustment with the 2019-20 certification of TEEOSA.
- Repeals outdated language.

Section 34 – 79-1008.01

- Repeals outdated language

Section 35 – 79-1009

- Net option funding for 2019-20 will be the product of the net number of option students multiplied by the statewide average basic funding per formula student.
- Net option funding for 2020-21 and thereafter will be the product of the net number of option students multiplied by the statewide average general fund property taxes per formula student.
- Statewide average general fund property taxes per formula student is calculated by:
 - Dividing 99% of aggregate general fund property tax receipts for all schools for the most recently available complete data year by the aggregate formula students for all local system for the school fiscal year for which aid is being calculated.
- Repeals obsolete language.

Section 36 – New Section/Inflation Rate

- On or before June 17, 2019, on or before November 15, 2019 and on or before November 15 thereafter, the Tax Commissioner will calculate and certify to NDE the inflation rate and the local formula contribution inflation rate for the immediately following school fiscal year.
- The inflation rate shall be calculated by:
 - Subtracting the cost index immediately preceding the most recent cost index from the most recent cost index.
 - The difference is divided by the cost index immediately preceding the most recent cost index.
 - The most recent cost index is the most recent cost index available to the time of the certification of TEEOSA.
- If the calculated inflation rate is greater than 2.5%, the inflation rate shall be 2.5%.
- If the calculated inflation rate is less than 0%, the inflation rate shall be 0%.
- The local formula contribution inflation rate will be the inflation rate calculated without any adjustments.

Section 37 – 79-1015.01

- Local system formula resources for each local system shall include the local formula contribution.

- For the certification and final calculation of TEEOSA for school fiscal year 2019-20, the local formula contribution for each school will equal the local system’s total adjusted valuation multiplied by a local effort rate of 90 cents per \$100 of adjusted valuation.
- For the certification and final calculation of TEEOSA for 2020-21 and thereafter, the local formula contribution for each local system shall equal the lesser of the local effort rate (LER) yield or the inflation rate yield.
 - The local effort rate (LER) is set at 90 cents per \$100 of adjusted valuation.
 - Under current law, the LER is \$1.00.
- The local effort rate yield will be the local system’s total adjusted valuation multiplied by a local effort rate (LER) of 90 cents per \$100 of adjusted valuation.
- The inflation rate yield for each local system shall be the sum of:
 - The local formula contribution for the school fiscal year immediately preceding the school fiscal year for which aid is being calculated adjusted by the local formula contribution inflation rate and
 - The local system’s adjusted valuation for the total real property growth value multiplied by a local effort rate (LER) of 90 cents per \$100 of adjusted valuation.
- Repeals obsolete language.

Section 38 – 79-1016

- On or before August 20, the county assessor certifies to the Property Tax Administrator the total taxable value and the total real property growth value by school district.
- On or before October 10, the Property Tax Administrator certifies the adjusted valuation for the current assessment year for each class of property and for the total real property growth value to NDE.
- For the 2019 assessment year and thereafter, all adjusted valuations shall reflect the changes in the definition of state aid value that apply to school fiscal year 2020-21 and thereafter.
- Defines state aid value for residential and commercial/industrial value to be 86% of actual (market) value for school fiscal year 2020-21 and thereafter.
 - For school years prior to 2020-21, residential and commercial/industrial value is 96% of actual (market) value.
- Defines state aid value for agricultural and horticultural value to be 62% of actual (market) value for school fiscal year 2020-21 and thereafter.
 - For school years prior to 2020-21, agricultural and horticultural land, value is 72% of actual (market) value.
- The same percentage, 62% of actual (market) value will be used for special valuation of agricultural and horticultural land.

Section 39 – 79-1017.01

- For 2019-20 and thereafter, local system formula resources includes other actual receipts, net option funding, foundation aid, and community achievement plan aid less any property tax refunds.
- Repeals obsolete language.

Section 40 – 79-1022

- Certification of 2019-20 aid will be on or before July 15, 2019.
 - Certification of 2020-21 and thereafter will be on or before March 1.
- For school fiscal years 2019-20 and thereafter, the amount distributed to each local system shall equal the sum of Equalization Aid, Net Option Funding, Foundation Aid and Community Achievement Plan Aid.
- If the sum of Equalization Aid, Net Option Funding, Foundation Aid and Community Achievement Plan Aid is less than 33.33% of the local system’s total formula need, the local system will receive the sum of the Equalization Aid, Net Option Funding, Foundation Aid and Community Achievement Plan Aid and Guaranteed Funding Aid.
- Guaranteed Funding Aid is the difference between 33.33% of total formula need and the sum of Equalization Aid, Net Option Funding, Foundation Aid and Community Achievement Plan Aid.
- NDE will certify the amounts to be distributed to the Director of Administrative Services, the Auditor of Public Accounts and each district.
- Repeals obsolete language.

Section 41 – 79-1022.02

- For school fiscal year 2019-20, any certification of TEEOSA, budget authority or applicable allowable reserve percentages completed prior to the effective date of this Act are null and void.

Section 42 – 79-1023

- Changes the certification date for budget authority to July 15, 2019 and back to March 1 thereafter
- The budget-based calculation of budget authority and the student growth calculation of budget authority for 2019-2020 is changed to use 2017-18 adjusted expenditures as the base year and increase the adjusted expenditures by the Basic Allowable Growth for 2018-19 and 2019-20.
- The formula needs calculation of budget authority for 2019-20 is changed to be 110% of the 2019-20 formula needs minus special education expenditures and increased by the Basic Allowable Growth for 2018-19 and 2019-20.

Section 43 - 79-1025

- The basic allowable growth rate for school fiscal year 2019-20 is 2.5%

- The basic allowable growth rate for 2020-21 and thereafter will be determined by 77-3446 (The inflation rate certified by the Tax Commissioner).

Section 44 – 79-1027

- Changes the certification date for allowable reserve percentage to on or before July 15, 2019 and back to March 1 thereafter.

Section 45 – 79-1030

- For school fiscal year 2019-20, unused budget authority calculated under this subsection shall not include any unused budget authority from school fiscal years prior to school fiscal year 2019-2020.

Section 46 – 79-1031.01

- Revises the date for the Appropriations Committee to include the TEEOSA amount to on or before July 15, 2019 and back to March 1 thereafter.

Section 47 – Operative Date of July 1, 2019 unless otherwise indicated

Section 48 and Section 49 – Repealer Sections

Sections 50 and 51 – Outright Repeal of 79-1008.02 and 77-2704.56

- 79-1008.02 is the minimum levy adjustment
- 77-2704.56 is the sales tax exemption for Fine Art Museum

Section 52 – The Emergency Clause

Disposition at Sine Die:

LB 289 was advanced to General File with AM 1572. LB 289 failed to advance to Select File and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LB 303 (Lindstrom, at the request of the Governor) Change the amount of relief under the Property Tax Credit Act

Introduced Version:

LB303 proposes to increase the total amount available in the Property Tax Credit Fund for tax year 2019 and each tax year thereafter to \$275 million. Currently the total amount available in the Property Tax Credit Fund is \$224 million. This bill proposes an additional \$51 million each tax year.

Disposition at Sine Die:

LB 303 was advanced to General File. LB 303 failed to advance from General File and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LB 314 (Briese) Adopt the Remote Seller Sales Tax Collection Act and change revenue and taxation provisions

Introduced Version:

Section 1 to 5 of LB314 creates the Remote Seller Sales Tax Collection Act. A remote seller who does not have a physical presence in the State will be required to collect and remit sales tax if their gross revenue from the sale of property in Nebraska exceeds \$100,000 or they had 200 or more separate transactions. The Department of Revenue may adopt and promulgate rules and regulations to carry out the Remote Seller Sales Tax Collection Act.

LB314 proposes to increase the tax on beer from 31 cents per gallon to \$1.38 per gallon; the tax on wine from 95 cents per gallon to \$3.51 per gallon; the tax on wine produced and released from bond in farm wineries from 6 cents per gallon to \$2.62 per gallon; and the tax on alcohol and spirits from \$3.75 per gallon to \$12.28 per gallon. It also increases the penalty for a non-beverage user from \$3.75 per gallon to \$12.28 per gallon. This increased revenue is to be credited to the Property Tax Credit Cash Fund.

Other proposals to increase revenue are to increase the documentary stamp tax from \$2.25 per \$1,000 of value to \$2.75 per \$1,000 of value. The 50 cent increase is to be credited to the Property Tax Credit Cash Fund. The property tax exemption for a fraternal benefit society organized and licensed under sections 44-1072 to 44-10,109 is repealed. The Personal Property Tax Relief Act is repealed. Applications for tax credits under the New Markets Job Growth Investment Act will not be accepted on or after January 1, 2020.

The bill removes the sales tax exemption for and imposes a new sales tax on the following:

- Telefloral delivery services
- Motor vehicle cleaning, maintenance and repair services
- Cleaning and repair of clothing
- Cleaning of tangible personal property
- Maintenance, painting and repair and interior decoration services for single-family housing
- Personal care services including hair care, massages, tanning services, nail services, spa services, tattoo services
- Lawn care, gardening and landscaping services
- Veterinary and livestock specialty services, including animal grooming services performed by a licensed veterinarian
- Pet-related services
- Storage and moving services
- Taxi, limousine and other transportation services
- Ride-sharing services
- Services to travel agents and tour operators and for online travel services
- Parking services
- Swimming pool cleaning and maintenance services
- Dating and escort services

- Instruction in music, dance, golf or other recreational activities
- Candy, soft drinks or bottled water

The cigarette tax is increased from 64 cents per package to \$2.14 per package. Beginning January 1, 2020, \$1.50 of the cigarette tax will be placed in the Property Tax Credit Cash Fund. Vapor products are included as a tobacco product and taxed as a tobacco product. All revenue collected on taxing vapor products will be credited to the Property Tax Credit Cash Fund.

LB314 creates an income surtax if federal AGI is \$500,000 or more for married filing jointly taxpayers or \$250,000 or more for all other filers. The surtax is equal to the individual's state income tax liability multiplied by 7.84%. The Tax Commissioner may adopt and promulgate rules and regulations to carry out the provisions of assessment of this surtax.

The bill raises the sales tax rate from 5.5% to 6% effective January 1, 2020.

The Alternative Minimum Tax (AMT) for resident individuals, trusts and estates is reinstated. The bill also increases the earned income tax credit (EITC) to 15% of the federal credit beginning January 1, 2020. It will also provide a refundable renters credit in an amount equal to 2% of the rent paid during the taxable year, not to exceed \$500.

The bill repeals the special capital gains and extraordinary dividends exclusion beginning on January 1, 2020. It repeals the special apportionment provisions for S corporations and limited liability corporations. Shareholders in S corporations and LLC's must include in their Nebraska taxable income their proportionate share of such an entity's federal income.

The bill repeals the use of federal itemized deductions for Nebraska purposes (except for itemized medical expenses) and would therefore require all filers to utilize the standard deduction. Under current law, taxpayers who itemize for federal purposes may choose between the greater of itemized deductions or the standard deduction.

The Highway Allocation Fund will be credited with amounts in excess of 5.5% rather than the current 5% derived from sale of lease of motor vehicles, trailers and semitrailers for more than 31 days. The Property Tax Credit Cash Fund will be credited with the net increase in sales tax revenue and income tax revenue received as a result of the changes made by this bill, minus the increase in funds paid under TEEOSA minus appropriations to pay for the School Financing Review Commission minus the increase in reimbursements for special education.

The bill will increase the percentage of allocated income tax funds in TEEOSA from 2.23% to 20%. It will create the School Financing Review Commission (SFRC). The SFRC will have 18 members. 3 members from the Legislature, the Property Tax Administrator, the Executive Director of the ESU Coordinating Council, the Commissioner of Education, a representative of the Governor, 2 members from postsecondary education, a board member and superintendent from a Class III school district, a board member and administrator from a Class IV school district (Lincoln Public Schools), a board member and administrator from a Class V school district (Omaha Public Schools) and 3 members at large. The SFRC will exist until December 31, 2026 and will be housed within NDE.

A laundry list of the duties for the SFRC may be found in Section 40 of the bill. A preliminary report from the SFRC is due in November 2021. The final report of the SFRC is due by December 1, 2021. After December 1, 2021, the SFRC is tasked with a list of additional items to review to and make

recommendations to the Legislative Council. The SFRC shall report on the adequacy of school funding sources on or before July 1, 2022, July 1, 2024 & July 1, 2026.

LB314 increases special education reimbursement to be 10% for reimbursements for support services and 80% for program and support services. It also Increases special education transportation reimbursement to 80%.

Consideration for monetary charges for the use of space in a hotel includes any intermediary fees charged by an online travel company for booking space in a hotel through such company's online platform. The hotel will be required to collect and remit sales tax for hotel space rented through an online travel agency.

The bill outright repeals section 77-2704.65 (sales tax exemption for historic automobile museums) and section 77-2704.67 (sales tax exemption for admission to zoos).

There is an operative date on Sections 6-43, 47 & 48, 50 and 52 of January 1, 2020; and operative date on Sections 44-46 and 51 of July 1, 2020; and an operative date for all other sections is July 1, 2019.

LB314 has the emergency clause.

Disposition at Sine Die:

LB 314 was not advanced from committee and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LB 372 (Erdman) Change provisions relating to classes and subclasses of agricultural land and horticultural land

Introduced Version:

LB372 would specifically require land capability groups to be Natural Resources Conservation Service specific to the applied use of the land capability. The bill requires the land capability groups to not base all of the land capability groups on a dryland farming criterion.

Disposition at Sine Die:

LB 372 was advanced to General File. LB 372 was passed on Final Reading, 47-0-2, and was approved by the Governor on March 12, 2019.

LB 420 (Bolz) Adopt the Property Tax Circuit Breaker Act

Introduced Version:

LB420 would create the Property Tax Circuit Breaker Act (Act). The Act would provide property tax relief to certain taxpayers through a refundable income tax credit. The Department of Revenue may adopt rules and regulations to carry out the provisions of this Act.

Qualifying Agricultural Taxpayer Refundable Tax Credit

- Credit will equal amount of property taxes paid during the most recently completed tax year minus 7% of the taxpayer's federal adjusted gross income (FAGI).
- Credit amount shall not be less than zero.

- Department may certify tax credits up to \$107.6 million each taxable year.
- Tax credits will be prorated if approved applications exceed \$107.6 million.
- Only one tax credit may be claimed per parcel of land.

Qualifying Residential Taxpayer Refundable Tax Credit

- Residential taxpayer (owner) must live at property for a least 6 months of the most recently completed tax year.
- Tax credit will equal the total amount of property taxes paid in excess of the amounts in the table found at the end of this memo.
- The amount of property taxes paid on a taxpayer’s principal residence shall not exceed the amount of taxes paid on a residence with a taxable value equal to 200% of the average assessed value of single-family residential property in the taxpayer’s county of residence in the most recently completed taxable year.
- For renters, the tax credit will equal the 20% of the rent paid in excess of the amounts in the table found at the end of this memo.
- Department may certify tax credits up to \$82.7 million in any year.
- Tax credits will be prorated if approved applications exceed \$82.7 million.
- Dollar amounts for each income tax bracket amount of credits shall be adjusted for inflation.
- Only one tax credit may be claimed per residence.

	Married Filing Jointly Income Bracket	All Other Bracket
1% of FAGI	\$0 – 14,000	\$0 – 7,000
2% of FAGI	\$14,001 - 30,000	\$7,001 – 15,000
4% of FAGI	\$30,001 - 50,000	\$15,001 – 25,000
6% of FAGI	\$50,001 – 75,000	\$25,001 – 37,500
8% of FAGI	\$75,001 – 100,000	\$37,501 – 50,000

The bill has an operative date of January 1, 2020.

Disposition at Sine Die:

LB 420 was not advanced from committee and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LB 444 (McDonnell) Provide a homestead exemption for certain dwelling complexes

Introduced Version:

LB444 would provide a homestead exemption for the owner of a dwelling complex that is located on U.S. military installations.

The bill adds another definition to homestead: a dwelling complex and any related amenities located on a United States Department of Defense military installation in this state. The new definition has 3 qualifying criteria: (1) the owner of record of the land upon which such installation is situated is the United States Government; (2) such complex and amenities are developed pursuant to a federal military housing privatization initiative; and (3) such complex and amenities are provided primarily for use by military personnel of the United States and their families.

The resident of a dwelling complex is added to the definition of owner.

The record title owner of the dwelling complex will receive a 100% homestead exemption. If there are unoccupied units or units not occupied by military personnel, the amount of the homestead exemption will be reduced by the percentage of total number of unoccupied units by the total units in the dwelling complex.

The record title owner shall be required to make an in-lieu-of tax payment to school districts in the amount equal to the homestead exemption. The payment will be made to the county treasurer. The record title owner will also make an annual in-lieu-of tax payment of property taxes due to all the remaining political subdivisions. These monies will be deposited into a restricted infrastructure maintenance trust fund.

LB444 will require the record title owner to establish an infrastructure maintenance trust fund at a financial institution. The infrastructure maintenance trust fund must be used exclusively for the cost of capital repairs, replacements, maintenance, and improvements to the infrastructure for a homestead. The funds must be kept separate from any other assets of the record title owner.

The record title owner will be required to file a certificate of compliance with the Department of Revenue. The deadline to file the certificate is December 31. The certificate will detail the compliance with the requirements of the infrastructure maintenance trust fund. Failure to file the certificate will result in an audit of the infrastructure maintenance trust fund by the Attorney General. Failure to correct any violations within 60 days of the audit will result in a revocation of the homestead exemption and the inability to apply for the homestead exemption for 2 years.

The bill has an operative date of January 1, 2020.

Disposition at Sine Die:

LB 444 was amended into LB 470 with AM 896. LB 470 was passed on Final Reading with the Emergency Clause, 43-2-4. LB 470 was returned by the Governor without approval on June 04, 2019.

LB 473 (Dorn) Change revenue and taxation provisions relating to judgments against public corporations and political subdivisions, authorize certain loans, and provide powers and duties to the State Treasurer

Introduced Version:

LB473 proposes a public corporation or political subdivision that cannot repay a judgment through property tax revenue may apply for a loan from the State to pay the judgment in full.

Specifically, If constitutional or statutory provisions prevent any public corporation or political subdivision from budgeting sufficient funds to pay any judgment in its entirety, the governing body of the public corporation or political subdivision shall pay that portion that can be paid and shall make application to the State Treasurer for the loan of sufficient funds to pay the judgment in full.

When an application is made, the State Treasurer shall investigate to determine the validity of the judgment, the inability of the public corporation or political subdivision to make full payment on the judgment, and the period of time during which the public corporation or political subdivision will be able to repay the loan.

If the State Treasurer determines the loan is proper, he or she shall make the loan from funds available for investment in the state treasury. The interest on the loan will be one-half of one percent per annum. The State Treasurer shall determine the schedule for repayment. The governing body of the public corporation or political subdivision shall annually budget and levy a sufficient amount to meet the schedule until the loan, including interest, has been repaid in full.

Disposition at Sine Die:

LB 473 was not advanced from committee and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LB 482 (Erdman) Provide for an adjustment to the assessed value of destroyed real property

Introduced Version:

LB482 will require a county assessor to report all property destroyed by fire or other natural disaster to the county board of equalization. The report will contain property destroyed after January 1 and before October 1 of each year.

The county board of equalization will be required to adjust the assessed value of the destroyed real property in an amount equal to the following:

- The assessed value of the real property before it was destroyed multiplied by a percentage representing the portion of the year the real property was intact;
- The assessed value of the destroyed real property, as of the date of its destruction, multiplied by a percentage representing the portion of the year the property was destroyed and no replacement property had been completed; and
- The assessed value of the replacement property, as of the date of completion of construction, multiplied by a percentage representing the portion of the year during which construction was completed.

The bill will require the county board of equalization to provide notice of the assessed value of the destroyed real property to the record owner or agent at his/her last known address.

Protests on this valuation shall be filed with the county board of equalization. The protest shall be filed within 30 day after the notice has been mailed. A decision on the protest will be made by the county board of equalization within 30 day after the protest has been filed. The county clerk will mail the written notice of the decision to the protester within 7 days of the final decision of the county board of equalization.

The action of the county board of equalization may be appealed to the Tax Equalization and Review Commission. The appeal must be filed within 30 days after the final decision of the county board of equalization.

LB482 has an operative date of January 1, 2020.

Disposition at Sine Die:

Provisions/portions of LB 482 were amended into LB 512. LB 512 passed Final Reading with the Emergency Clause, 45-0-4. LB 512 was approved by the Governor on May 30, 2019.

LB 483 (Erdman) Change the valuation of agricultural land and horticultural land

Introduced Version:

LB483 proposes to value agricultural and horticultural at its agricultural productivity value beginning in tax year 2020. This change in valuation will also apply to the special valuation of agricultural and horticultural land. Agricultural productivity value is defined as the value of agricultural land and horticultural land used for purposes of assessment and the land's capitalized net earning capacity.

Agricultural and horticultural land will be separated into five major categories:

- Irrigated cropland
- Dryland cropland
- Irrigated grassland
- Non-irrigated grassland
- Wasteland

The determination of agricultural productivity value of agricultural horticultural land consists of the following:

- Dividing agricultural and horticultural land in to major use categories and dividing the categories into subclasses based on soil productivity classifications.
- Computing net revenue based on an 8-year Olympic average of annual net incomes.
 - An Olympic average discards the one-year high and one-year low from annual net incomes.
- Dividing net revenue by the appropriate discount rate.

County assessors shall determine the capitalized net earning capacity by using the agricultural land valuation manual developed by the Agricultural Land Valuation Board (ALVB).

The Property Tax Assessment division of the Department of Revenue shall make the following determinations and calculations for irrigated and dryland croplands:

- Determine a county-wide 8-year Olympic average production in bushels per acre;
- Determine a county-wide acre weighted average of the appropriate Natural Resources Conservation Service (NRCS) index for the acres in each category.

- For irrigated cropland the index will be the Irrigation Commodity Crop Productivity Index.
- For dryland cropland, the index will be the National Commodity Crop Productivity Index.

The bill provides the mechanism to calculate net revenue per acre, the landlord share, a capitalized net earning value, and how to convert from dollars per acre to dollars per index point.

The Property Tax Assessment division of the Department of Revenue shall make the following determinations and calculations for non-irrigated grassland:

- Determine the going rental rate for grazing in dollars per animal unit month.
 - Data may be provided by the Department of Agricultural Economics of the University of Nebraska-Lincoln or another appropriate source.
- The production capability source for non-irrigated grassland will be the NRCS's range production rating in a normal year.

The method for calculating a capitalized net earning value and how to convert the capitalized net earning value from dollars per animal unit month to dollars per index point is provided in LB483.

The dollars per index point for each category noted above (irrigated and dryland croplands, non-irrigated grassland) shall be the sole factor required by a county assessor to set the agricultural productivity value of each parcel of property. The property tax assessment division shall report determinations and calculations made for these categories to the ALVB.

The ALVB will determine the appropriate method for valuing irrigated grassland. The method will be included in the agricultural land valuation manual.

Separate discount rates for each county will be determined by the ALVB. The discount rates will be set according to each county's 8-year Olympic average of annual precipitation. When annual precipitation levels vary by more than 2 inches within a county, at the discretion of the board, separate discount rates to be used within the county may be established.

For tax year 2020, the discount rates will be set so the total agricultural productivity value of all agricultural and horticultural land is the same as the 2019 total assessed value. For tax year 2021 and thereafter, the discount rates are set to allow no more than a 15% deviation from the total agricultural productivity value from the prior tax year.

The ALVB will be created. The board will consist of 8 members; 6 members will be appointed by the Governor with approval of the Legislature. The 6 members appointed by the Governor will come from the following categories:

- One person involved in livestock production;
- One person involved in agricultural crop production ;
- One person from a farm advocacy organization;
- One person with a county assessor certificate;

- One person from the Department of Agricultural Economics of the University of Nebraska-Lincoln; and
- One person from a commodity check-off board.

The Tax Commissioner and the Director of Agriculture are the seventh and eighth members of the board. Board members will be reimbursed for actual and necessary expenses. Appointed board members will be compensated \$500 for each meeting, not to exceed \$6,000 per year. During 2019, appointed board members may be compensated up to \$24,000. The ALVB shall meet at least twice annually.

Duties of the ALVB are:

- Develop an agricultural land valuation manual (Manual) to be used in determining the agricultural productivity value of agricultural and horticultural land.
 - The initial Manual will be created by December 31, 2019.
 - Updated Manuals will be approved by the board by November 30 of each year thereafter.
 - If the board fails to approve an updated Manual, the Director of Agriculture shall have ten days (after November 30) to make final revisions to the Manual.
- Select the data sources to be used in developing the Manual.
- Set the discount rates.
- Prepare an annual report to the Governor on the application of the Manual.
- Make recommendations to the Revenue Committee on improvements and refinements in the method used to value agricultural and horticultural land.
- Participate in a public hearing with the Tax Commissioner and the Property Tax Administrator on each updated version of the Manual.

The bill proposes the county board of equalization may only correct errors in the characteristics affecting the productivity use of such land. The Tax Commissioner will be required to develop the forms for this protest.

The adjusted valuation for TEEOSA purposes will be based on the agricultural productivity value of agricultural and horticultural land.

Sections 1-5, 10-17 and 19-20 become operative on January 1, 2020. All other sections become operative on their effective date.

The bill contains the Emergency Clause.

Disposition at Sine Die:

LB 483 was advanced to General File. LB 483 failed to advance from General File and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LB 493 (Wayne) Change provisions relating to property tax exemptions under the Nebraska Housing Agency Act

Introduced Version:

LB493 clarifies the real and personal property of a local housing agency and any controlled affiliate is exempt from all taxes. The bill also clarifies that property jointly owned by a housing agency or its controlled affiliates with other nongovernmental persons or entities shall be exempt from all taxes to the extent the property is used solely to provide housing for persons of eligible income and qualifying tenants.

The bill adds language that requires the housing agency or controlled affiliate to provide notice of such exemption to the county assessor of the county where the property is located. The notice is required to be filed on or before December 31 of the year preceding the year for which the exemption is being sought.

LB493 has an operative date of January 1, 2020.

Disposition at Sine Die:

LB 493 was not advanced from committee and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LB 497 (Friesen) Adopt the School District Property Tax Authority Act and change revenue and taxation provisions

Introduced Version:

LB497 will create the School District Property Tax Authority Act. For school fiscal year 2020-21, the school board will calculate the Property Tax Authority. The 2021-21 Property Tax Authority will be calculated in three steps:

- Step 1 will be the (2019-20 Property Tax Request + 2019-20 TEEOSA Aid) * Base Growth %.
- Step 2 is the result of Step 1 – 2020-21 TEEOSA Aid.
- Step 3 will be either the result of Step 2 less (2020-21 Other Resources – 2019-20 Other Resources); or the result of Step 2 plus (2019-20 Other Resources – 2021 Other Resources)

The Property Tax Authority calculation for 2021-22 and thereafter will have three steps:

- Step 1 will calculate state and local resources.
 - State and local resources is the sum of the prior year’s local property taxes plus TEEOSA aid grown by the Base Growth %.
- Step 2 will be state and local resources less the current year’s TEEOSA.
- Step 3 will be either the result of Step 2 less the (Current fiscal year other resources – Prior fiscal year other resources); or the result of Step 2 plus the (Prior fiscal year other resources – Current fiscal year other resources).

The base growth % is the higher of 2.5%, the CPI-U, or the % increase in student enrollment. Student enrollment is based on the Fall Membership Report.

The school board reports the Property Tax Authority to the Nebraska Department of Education (NDE) on forms developed by NDE. NDE will verify the calculated amount, approve the amount, and certify the

amount to the school board. NDE has authority to correct the calculated amount and certify the corrected amount to the board. The amount certified by NDE will become the property tax authority for use in setting the school's maximum levy. The school board may set the property tax request at an amount less than or equal to its property tax authority.

The Property Tax Authority does not apply to retire bonded indebtedness approved by the voters. Bonds issued by a school board would fall within the property tax authority.

The bill will reduce the percentage of agricultural and horticultural valuation for school district taxation from 75% to:

- 55% for Tax Year 2020 (School fiscal year 2020-21)
- 45% for Tax Year 2021 (School fiscal year 2021-22)
- 40% for Tax Year 2022 & After (School fiscal year 2022-23 & thereafter).

The reduction in the percentage of agricultural and horticultural valuation will change the acceptable range for agricultural and horticultural valuation for school district taxation purposes from 69% to 75% to:

- 49% to 55% for Tax Year 2020
- 39% to 45% for Tax Year 2021
- 34% to 40% for Tax Year 2022 and thereafter.

The statutory maximum levy for school districts for 2020-21 and each fiscal year thereafter will be the $(\text{Property tax authority}/\text{total assessed valuation}) \times 100$. The current statutory maximum levy is \$1.05 per \$100 of assessed valuation. This change does not affect any successful levy override election prior to the 2020-21 fiscal year.

For school fiscal year 2020-21 and thereafter, property tax requests certified by school districts in the Special Hearing to Set the Property Tax Request shall comply with the School District Property Tax Authority Act.

LB497 will change the definition of receipts from a levy override elections used in the calculation of general fund operating expenditures for TEEOSA to be equal to 99% of the difference of the total general fund levy minus the maximum levy authorized section 77-3442(2)(a). It will change the local effort rate for TEEOSA from \$0.05 less the statutory maximum levy (currently \$1.05 per \$100 of assessed valuation) to \$0.9750.

The percentage of actual value for agricultural and horticultural land to be used in the calculation of TEEOSA will be reduced from 72% to:

- 52% for Tax Year 2020 (School fiscal year 2020-21)
- 42% for Tax Year 2021 (School fiscal year 2021-22)
- 37% for Tax Year 2022 and thereafter (School fiscal year 2022-23 and thereafter)

The bill makes a change to the total amount of TEEOSA aid. In school fiscal year 2020-21, the amount of TEEOSA aid will be the greater of 35% of basic funding or the total amount of calculated TEEOSA aid. For School fiscal year 2021-22, the amount of TEEOSA aid will be the greater of 45% of basic funding or

the total amount of calculated TEEOSA aid. For school fiscal year 2022-23 and each school fiscal year thereafter, the amount of TEEOSA aid will be the greater of 50% of basic funding or the total amount of calculated TEEOSA aid.

The proposals to raise revenue to fund the provisions of LB497 include an Increase in the tax on beer from 31 cents per gallon to \$1.38 per gallon; an Increase tax on wine from 95 cents per gallon to \$3.51 per gallon; an increases tax on wine produced and released from bond in farm wineries from 6 cents per gallon to \$2.62 per gallon; and an Increase on the tax on alcohol and spirits from \$3.75 per gallon to \$12.28 per gallon. There is also an increase on the fine for a non-beverage user who sells, gives away of otherwise disposes of any alcoholic liquor under his or her license from \$3.75 per gallon to \$12.28 per gallon.

Cigarette tax will increase from 64 cents per package to \$2.14 per package. The amount of cigarette tax to the General Fund will increase from 49 cents to \$1.99.

The Personal Property Tax Relief Act will be repealed effective with tax year 2020.

LB497 proposes to repeal the sales tax exemptions for and begin taxing services as follows:

- Real property maintenance services
- Dry cleaning services
- Pet-related services
- Non-business legal services
- Storage services
- Personal care services including hair care, massages, nail services, spa services and tattoo services
- Travel agency services
- Dating and escort services
- Food for home consumption
- Admission to a zoo
- Repair or maintenance for motor vehicles

On or before June 30, 2020, \$150 million will be credited to the Cash Reserve Fund.

The bill has an operative date of January 1, 2020.

Disposition at Sine Die:

LB 497 was not advanced from committee and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LB 506 (Briese) Adopt the Property Tax Request Limitation Act

Introduced Version:

LB506 creates the Property Tax Request Limitation Act (Act). The Act will require the property tax request for a school district shall not exceed the property tax request authority of a school district. The Act shall not apply to the property tax request to retire bonds approved by the voters in a school district.

The property tax request authority will be calculated by the school board and reported to the Department of Education (NDE). NDE will provide the forms for a school board to use to report the property tax request authority. NDE will approve and certify the property tax request authority to the school board. There is no provision for NDE to adjust the property tax request authority before certifying the amount to the school board.

Step 1 in calculating the property tax request authority will be to increase the tax request from the prior year by using the highest percentage of the following:

- By the base growth percentage; or
- The annual percentage increase in student enrollment by .4; or
- Dividing the annual increase of limited English proficiency students by the student enrollment and then increasing the quotient by .25; or
- Dividing the annual increase in poverty students by the student enrollment and increasing the quotient by .25.

The base growth percentage is 2.5% or the percentage increase in the Consumer Price Index for all Urban Consumers. The property tax request is the amount of property taxes requested by a school district. Student enrollment is the number of students reported on the Fall Membership Report.

Step 2 in calculating the property tax request authority is:

- Decrease the amount from Step 1 by the difference of the total non-property tax revenue for the current year and the total non-property tax revenue for the prior year; or
- Increase the amount from Step 1 by the difference of the total non-property tax revenue for the prior year and the total non-property tax revenue for the current year.

Non-property tax revenue is revenue of a school district other than real and personal property taxes and reimbursements for special education programs and services.

A school district has two methods to exceed its property tax request authority.

- **Special Election:** The property tax request may exceed the property tax request authority by an *amount* approved by a 60% majority of legal voters.
- **Vote of School Board:** The property tax request may exceed the property tax authority by a *percentage* approved by a super-majority vote (75%) of the board.
 - The percentage will be determined based on the average daily member (ADM) of the school and is shown in the following table:

Percentage	ADM
7%	0 to 471.00

6%	471.01 to 3,044.00
5%	3,044.01 to 10,000.00
4%	10,000.01 and over

A school district’s property tax request may exceed its property tax request authority pursuant to a successful levy override election prior to January 1, 2020.

If a school district chooses not to use the full amount of its property tax request authority to increase its property tax request, it may carry forward into future fiscal years the amount of the unused property tax request authority. Unused property tax request authority may be used to increase a school district’s property tax request in a later year.

NDE will be required to create the forms necessary for a school board to calculate its property tax request authority and to calculate unused property tax request authority. The school board shall submit the documents to NDE on or before September 20 of each year. The penalty for failing to file the document by September 20 will be the withholding of TEEOSA for a maximum of 6 months until the form is filed. If the document is filed within the 6 month time frame, the school district will receive the withheld state aid. If the document is not file with the 6 month time frame, the withheld state aid will revert to the General Fund.

NDE is given the authority to adopt and promulgate rules and regulations to carry out the Act.

The bill has an operative date of January 1, 2020.

Disposition at Sine Die:

LB 506 was not advanced from committee and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LB 529 (Groene) Change provisions relating to a property tax exemption for hospitals

Introduced Version:

LB529 proposes for a hospital to qualify for tax-exempt status, the hospital must permit licensed medical practitioners in the community to use the hospital’s facilities. The medical practitioners are not required to be employees of the hospital to use its facilities. A hospital may prohibit a practitioner from using its facilities if good cause is shown.

The property of the hospital shall be exempt in proportion to the percentage of the hospital’s services that are provided gratuitously. The hospital shall establish the percentage by provided documentation to the county assessor showing the gross revenue of the hospital for the most recently completed fiscal year and an estimate of the value of the services provided gratuitously.

The new criteria for tax-exempt status will begin with tax year 2020 and each tax year thereafter.

Disposition at Sine Die:

LB 529 was not advanced from committee and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LB 530 (Groene) Change the valuation of agricultural land and horticultural land for property tax purposes

Introduced Version:

LB530 proposes to reduce the actual valuation of agricultural and horticultural land from 75% of its actual value to 65% of its actual value. The same reduction applies to agricultural and horticultural land that qualifies for special valuation. This will reduce that tax base for all political subdivisions.

The acceptable range for agricultural and horticultural land will be reduced from 69% to 75% of its actual value to 59% to 65% of its actual value. The change in the acceptable range will apply to agricultural and horticultural land that qualifies for special valuation.

The bill will also change the percentage of adjusted valuation for agricultural and horticultural valuation used in the TEEOSA calculation from 72% of its actual value to 62% of its actual value. A reduction in the adjusted valuation will decrease the yield from local effort rate component of the resources calculation in TEEOSA. For equalized schools, this will increase the amount of Equalization Aid they receive through TEEOSA. For non-equalized schools, this will generate a lower amount of resources and may allow them to receive Equalization Aid.

LB530 has an operative date of January 1, 2020.

Disposition at Sine Die:

LB 530 was not advanced from committee and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LB 601 (Lindstrom) Change a property tax exemption relating to educational, religious, charitable, and cemetery organizations

Introduced Version:

LB601 proposes to repeal the exemption from property taxes for property owned by an educational, religious, charitable, or cemetery organizations, used exclusively for educational, religious, charitable, or cemetery purposes, when such property is not used for the sale of alcoholic liquors for more than 20 hours per week.

Disposition at Sine Die:

LB 601 was not advanced from committee and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LB 663 (Friesen) Change provisions relating to Nebraska adjusted basis

Introduced Version:

LB663 proposes to change the method for calculating Nebraska adjusted basis for “like-kind exchanges” of similar depreciable personal property. Currently, the net book value (amount after depreciation) of the property is used to determine Nebraska adjusted basis. This bill would repeal using net book value and allow using the remaining federal tax basis as the Nebraska adjusted basis.

Disposition at Sine Die:

LB 663 was advanced to General File. LB 663 was passed on Final Reading, 44-0-5, and was approved by the Governor on May 01, 2019.

LB 677 (Groene) Change provisions of the Property Tax Credit Act and provide school district property tax relief aid

Introduced Version:

LB677 will reduce the statutory maximum levy for school district to \$0.9870 per \$100 of taxable valuation. The reduction in the statutory maximum levy will begin with school fiscal year 2020-21 and each school fiscal year thereafter. The current statutory maximum levy is \$1.05 per \$100 of taxable valuation.

The bill creates School District Property Tax Relief Aid. The Department of Revenue shall calculate and distribute school district property tax relief aid beginning with tax year 2020 and each tax year thereafter. Tax year 2020 will be school fiscal year 2020-21. The Department of Education (NDE) will provide the data need to calculate the funds to be distributed.

To qualify for the school district property tax relief aid, a school district will have general fund property tax receipts that exceed 55% of its total general fund revenue. This determination will be based on the most recently available complete data year that exists as of January 1 of the tax year.

A property tax gap will be calculated for schools qualifying for school district property tax relief aid. The property tax gap will equal the general fund property tax receipts less 55% of the total general fund revenue. This calculation based on the most recently available complete data year that exists as of January 1 of the tax year.

Schools that qualify for school district property tax relief aid will receive 75% of the school district property tax gap. Funding will for the school district property tax relief aid will come from the Property Tax Credit Cash Fund. Schools that receive school district property tax relief aid will be required to show the full amount as revenue before property taxes in its budget.

The Department of Revenue may adopt and promulgate rules and regulations for School District Property Tax Relief Aid.

On or before January 30, 2020 and each year thereafter, the Department of Revenue will determine the minimum amount to be appropriated to the Property Tax Credit Cash Fund and certify that amount to the Governor and the Appropriations, Revenue and Education Committees. The certified amount will be the greater of \$224,000,000 or the estimated increase in TEEOSA resulting from the decrease in the maximum levy from \$1.05 per \$100 of taxable value to \$0.9870 per \$100 of taxable value. The Appropriations Committee will be required to include the minimum amount necessary to be appropriated to the Property Tax Credit Cash Fund.

For tax year 2020 and each tax year thereafter (begins in school fiscal year 2020-21) NDE will certify to the State Treasurer an estimate of the statewide increase in TEEOSA resulting from the decrease in the statutory maximum levy. A decrease in the statutory maximum levy causes a decrease in the local effort rate (LER) in TEEOSA. This certification will be on or before January 15. The State Treasurer will transfer an amount certified by NDE from the Property Tax Credit Cash Fund to the TEEOSA fund.

LB677 clarifies the amount of relief granted under the Property Tax Credit Act shall be \$224 million for tax years 2017, 2018, and 2019. For tax year 2020 and each tax year thereafter, the relief granted under

the Property Tax Credit Act shall be the amount available after transferring funds to the Tax Equity and Educational Opportunities Fund. The bill repeals the language that states property tax relief will be made to owners of real property in the form of a property tax credit.

The bill changes the definition for the levy override election proceeds of general fund operating expenditures (GFOE) in TEEOSA to match the new statutory maximum levy language.

Beginning with school fiscal year 2020-21 and each school fiscal year thereafter, NDE will calculate a preliminary equalization aid amount. The calculation of equalization aid will not change: Needs – Resources = Equalization Aid. The preliminary equalization aid amount will be used to determine qualification for an option enrollment relief correction. A school district that qualifies for the option enrollment relief correction shall have that amount added to its equalization aid.

The option enrollment relief correction is created in LB677. The option enrollment relief correction will be \$0.063 per \$100 of adjusted valuation. The option enrollment relief correction begins with school fiscal year 2020-21. To qualify for the option enrollment relief correction, a school district does not qualify for school district property tax relief aid; and net option funding is greater than 90% of preliminary state aid. Preliminary state aid is the sum of preliminary equalization aid plus net option funding plus allocated income tax funds plus community achievement plan.

Budget authority shall be reduced by 25% of the property tax gap. This reduction is done every year and does not reduce budget authority in subsequent school fiscal years. The school board may override all or a part of this reduction with a super majority vote of the board. A public hearing on this override is required to be held 30 days prior to approving the budget.

Disposition at Sine Die:

LB 677 was not advanced from committee and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LB 829 (Erdman) Change provisions relating to certain in lieu of tax payments made by the Game and Parks Commission

Introduced Version:

LB829 provides the Games and Parks Commission (Commission) shall pay an in-lieu-of tax for all land ever acquired by the Commission. The in-lieu-of tax payment will be made to each county where such land is located. Currently the Commission is only required to pay an in-lieu-of tax for any land acquired commencing on January 1, 1977.

The county assessor will value such land at its highest and best use for determining the amount of the in-lieu-of tax payment. The Commission retains the right to protest the valuation to the county board of equalization.

The bill has an operative date of January 1, 2021.

Disposition at Sine Die:

LB 829 was not advanced from committee and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LB 841 (Crawford) Change provisions relating to certain certifications for homestead exemptions

Introduced Version:

The bill would amend two sections of the Homestead Exemption.

There are two provisions under the Homestead Exemption that previously required disabled veteran's to provide an annual certification of their disability from the United States Department of Veterans Affairs.

Neb.Rev.Stat. Section 77-3508 in LB775 (2016) and Neb.Rev.Stat. Section 77-3506 in LB512 (2019) removed the annual certification requirements if there has been no change in the disabled veteran's status. The County Assessor and the Tax Commissioner are allowed to request the certification if needed to verify that there has been no change in status.

The bill would repeal the latter provision allowing the assessor or commissioner to request the certification.

Disposition at Sine Die:

LB 841 was not advanced from committee and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LB 930 (Briese) Require a minimum amount of tax relief under the Property Tax Credit Act

Introduced Version:

LB930 provides beginning with tax year 2020, the minimum amount of funds available in the Property Tax Credit Fund shall be \$275 million. Any additional funds credited to the Property Tax Credit Fund shall be added to the \$275 million when determining the total amount of relief granted through the Property Tax Credit Fund.

Disposition at Sine Die:

LB 930 was advanced to General File. LB 930 was amended into LB 1107 by AM 3316. LB 1107 passed on Final Reading, 41-4-4, and was approved by the Governor on August 17, 2020.

LB 952 (Wishart) Provide for a new homestead exemption

Introduced Version:

The bill would amend the Homestead Exemption to allow a partial exemption for veterans who are less than 100% disabled but more than 50% disabled from a non-service connected injury. The degree of disability will begin at 95% and end at 50%.

The limitations on household income and value of the home that reduce the amount of the exemption would still apply.

Disposition at Sine Die:

LB 952 was not advanced from committee and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LB 974 (Revenue Committee) Change taxation and school funding provisions

Introduced Version:

LB 974 is the Revenue Committee’s Property Tax Relief Proposal. The purpose of LB974 is to reduce the property tax bills of Nebraska’s farmers, ranchers, homeowners, and commercial property owners by reducing the reliance on property taxes to fund public K-12 education.

The major points of LB974 include reducing the taxable valuation used by school districts to generate property tax dollars and making changes to the Tax Equity and Educational Opportunities Support Act (TEEOSA) to provide additional state funds to public K-12 school districts. These points are listed below. A section-by-section summary of the bill is printed at the end of this Summary.

- The reduction in valuation applies to valuation used to school district taxing purposes only. The tables printed below show the percentage of taxable value, the adjusted value percentage used for TEEOSA Aid and the acceptable ranges for taxing purposes.

Residential, Commercial/Industrial & Centrally Assessed Currently 100%			
Tax Year	Taxable Value %	Adjusted Value %	Acceptable Range
2020	95	91	87 to 95
2021	90	86	82 to 90
2022 & thereafter	85	81	77 to 85
Agricultural/Horticultural and Special Valuation Currently at 75%			
Tax Year	Taxable Value %	Adjusted Value %	Acceptable Range
2020	65	62	59 to 65
2021 & thereafter	55	52	49 to 55

- Statutory maximum levy of \$1.05 (general fund and special building fund) per \$100 of taxable valuation stays in place through 2023-24.

o The ability to have an election to override the levy remains in place.

- There is a new levy exclusion for school boards to levy up to 75% of difference between the January estimate of TEEOSA Aid and the certification of TEEOSA. (Release valve)

oRequires a supermajority vote of elected board (2/3 of elected board)

oThe release valve is available if the State changes formula to match revenues.

- The base limitation (basic allowable growth rate or BAGR) for school districts beginning in 2020-21 and thereafter is the inflation rate (CPI-U).

•For school fiscal year 2023-24 and thereafter, the local formula contribution shall be the lesser of the local effort rate yield or the inflation rate yield.

- Foundation aid replaces allocated income tax funds.

oA Basic Funding Aid component is added to Foundation Aid.

- The averaging adjustment is repealed with the 2021-22 certification of TEEOSA aid.

- The calculation of net option funding is changed beginning in 2021-22.
- oThe amount of net option funding will be based on statewide average general fund property tax per formula student.

- The certification date for 2020-21 TEEOSA Aid and Budget Authority is changed from March 1, 2020 to May 1, 2020.
- oThe date for certification reverts back to March 1 after the 2020-21 certification.
- Unused budget authority is reset to zero for the 2020-21 school fiscal year.
- The special building fund levy is reduced to 6 cents per \$100 of taxable valuation.
- oA levy of 14 cents per \$100 of taxable valuation may be approved by the vote of the people.
- School boards may not build or lease-purchase buildings or additions without a vote of the people.
- Transition Aid is available for school fiscal years 2020-21, 2021-22 and 2022-23.
- oThe amount of Transition Aid will be appropriated by the Legislature.
- School districts will qualify for Transition Aid if:
 - oThe school district has a combined general fund levy and special building fund levy of \$1.05
 - oThe current school fiscal year's total general fund budget of disbursements and transfers is more than 1% less than the prior year's total general fund budget of disbursements and transfers.
- Qualifying school districts will receive 100% of the variance as Transition Aid in 2020-21, prorated by the amount appropriated by the Legislature.
 - o75% of the variance will be Transition Aid in 2021-22, prorated by the amount appropriated by the Legislature.
 - 50% of the variance will be Transition Aid in 2022-23, prorated by the amount appropriated by the Legislature.

LB974 contains the Emergency Clause.

Section-by-Section Summary

Section 1. Section 77-201 [Property taxable; valuation; classification]

- Tax Year 2020 (School Fiscal Year 2020-21), residential, commercial/industrial and centrally assessed property will be valued at 95% of its actual value for purposes of taxes levied by school districts and multiple school systems.
- oFor all other taxing subdivisions, property will be valued at 100% of its actual value.
- Tax year 2021 (School Fiscal Year 2021-22), residential, commercial/industrial and centrally assessed property will be valued at 90% of its actual value for purposes of taxes levied by school districts and multiple school systems.
- oFor all other taxing subdivisions, property will be valued at 100% of its actual value.

- Tax year 2022 and thereafter (School Fiscal Year 2022-23 and thereafter), residential, commercial/industrial and centrally assessed property will be valued at 85% of its actual value for purposes of taxes levied by school districts and multiple school systems.

- oFor all other taxing subdivisions, property will be valued at 100% of its actual value.

- Tax Year 2020 (School Fiscal Year 2020-21), agricultural, horticultural land and special valuation land will be valued at 65% of its actual value for purposes of taxes levied by school districts and multiple school systems.

- Tax Year 2021 and thereafter (School Fiscal Year 2020-21 and thereafter), agricultural, horticultural land and special valuation land will be valued at 55% of its actual value for purposes of taxes levied by school districts and multiple school systems.

- Defines taxes levied by school districts and multiple-district school systems to mean property taxes levied on real or personal property by any school district or multiple-district school system regardless of the purpose for which such taxes are levied.

Section 2. Section 77-1391 [Historically significant real property; valuation]

- Changes the valuation for the four years after the expiration of the 8-year historic preservation certification of rehabilitation to be assessed value rather than actual value.

Section 3. Section 77-3442 [Property tax levies; maximum levy; exceptions]

- The statutory maximum tax rate for school districts through school fiscal year 2022-23 is \$1.05 per \$100 of taxable valuation.

- The statutory maximum tax rate for school districts for school fiscal years 2023-24 and thereafter is 6 cents per \$100 of taxable valuation plus the rate which generates an amount equal to the local formula contribution for such fiscal year.

- Levy exclusion beginning in 2021-22 and thereafter for school boards to levy up to 75% of positive difference between January estimate of TEEOSA and certification of TEEOSA. (Release valve)

- oOnly available if State changes formula to match revenues.

- oRequires a supermajority vote of elected board (2/3 of elected board)

- Changes special building fund levy exclusion to be for any project commenced prior to the effective date of the Act.

- oLimits exclusion to amount that would be generated by 2019-20 special building fund levy rate.

- Revises reference to federal statutes.

Section 4. Section 77-3446 [Base limitation, defined]

- The base limitation (basic allowable growth rate or BAGR) for school districts beginning in 2020-21 and thereafter is the inflation rate (CPI-U).

Section 5. Section 77-5023 [Commission; power to change value; acceptable range]

- Acceptable range for agriculture/horticulture/special valuation for school districts and multiple-district school systems:

o2020 is 59% to 65% of actual value.

o2021 and thereafter is 49% to 55% of actual value.

- Acceptable range for agriculture/horticulture/special valuation for all other political subdivisions remains at 69% to 75% of actual value.

- Acceptable range for residential/commercial & industrial/centrally assessed valuation range:

o2020 is 87% to 95% of actual value.

o2021 is 82% to 90% of actual value.

o2022 and thereafter is 77% to 85% of actual value.

- Acceptable range for residential/commercial & industrial/centrally assessed remains at 92% to 100% of actual value.

Section 6. Section 79-1001 [Act, how cited]

- Intro to the Tax Equity and Educational Opportunities Support Act (TEEOSA).

Section 7. Section 79-1003 [Terms, defined]

- Adjusted General Fund Operating Expenditures (ADJGFOE) – old language repealed.

- Adjusted valuation – New language adds reference the local effort rate (LER) or the local formula contribution beginning in 2023-24.

- Allocated income tax funds – sunsets with the 2019-20 certification of TEEOSA aid.

- Cost index – new definition. CPI-U, not seasonally adjusted, released in October of each year.

- General Fund Operating Expenditures (GFOE) – definition adjusted beginning in 2021-22 and thereafter will not include receipts from the levy exclusion for additional TEEOSA aid (release valve).

oReceipts from levy override (special election, vote of people) harmonized with new levy limit.

- Inflation rate – new definition. Rate certified by the Tax Commissioner for each school fiscal year.

- Local formula contribution – new definition. A new calculation for determining the local yield that will be included in formula resources.

- Local formula contribution inflation rate – new definition. The local formula contribution inflation rate certified by the Tax Commissioner.

Section 8. Section 79-1005.01 [Tax Commissioner; certify data; department; calculate allocation percentage and local system's allocated income tax funds]

- Repeals allocated income tax component of TEEOSA with the 2019-20 certification of TEEOSA aid.

Section 9. New Section [Foundation Aid]

- Foundation Aid for the 2020-21 certification of TEEOSA Aid will be calculated based on a school district's fall membership count and 5% of the net income tax collections, net corporate tax collections and the net state sales and use tax collections for calendar year 2018.

- Foundation Aid for the 2021-22 certification of TEEOSA aid will be calculated based on a school district's fall membership count and 10% of the net income tax collections, net corporate tax collections and the net state sales and use tax collections for calendar year 2019.
- Foundation Aid for the 2022-23 certification of TEEOSA aid and thereafter will be calculated based on a school district's fall membership count and 15% of the net income tax collections, net corporate tax collections and the net state sales and use tax collections for calendar year 2019.
- The fall membership count of students will be replaced with the average daily membership count of students for the final recalculation of TEEOSA aid in all school fiscal years.
- Basic Funding Aid - If the calculation of foundation aid is not equal to or great than 15% of the basic funding calculated for the system, foundation aid shall be increased to equal 15% off such basic funding.

Section 10. Section 79-1007.11 [School district formula need; calculation]

- Repeals obsolete language.
- Removes averaging adjustment from formula needs calculation for school fiscal year 2012-22 and thereafter.

Section 11. Section 79-1007.18 [Averaging adjustment; calculation]

- The last school fiscal year for the averaging adjustment will be school fiscal year 2020-21.

Section 12. Section 79-1009 [Option school districts; net option funding; calculation]

- For school fiscal years 2019-20 and 2020-21 net option funding will be calculated using the net number of option students multiplied by the statewide average basic funding per formula student.
- For school fiscal year 2021-22 and thereafter net option funding will be calculated using the net number of option students multiplied by the statewide average general fund property taxes per formula student.
- The calculation of state wide average general fund property taxes per formula student is the sum of receipts of the general fund property tax levies, the Property Tax Credit Cash Fund, homestead exemption reimbursement and personal property tax exemption reimbursements divided by the statewide formula students.

oThe receipts are from the most recently available complete data year.

oThe students are from the school fiscal year for which aid is being calculated.

Section 13. New Section [Inflation Rate and Local Formula Contribution Inflation Rate]

- The Tax Commissioner calculates the inflation rate by subtracting the cost index immediately preceding the most recent cost index from the most recent cost index and dividing the difference by the cost index immediately preceding the most recent cost index.
- oMost recent cost index is defined as the most recent cost index available at the time of certification.
- The inflation rate shall never be greater than 2.5% or less than 0%.
- The local formula contribution inflation rate shall equal the inflation rate and will never be less than 0%.

Section 14. Section 79-1015.01 [Local system formula resources; local effort rate yield; determination]

- For school fiscal year prior to 2023-24, local system formula resources includes the yield from the local effort rate (LER).
- For school fiscal year 2023-24 and thereafter, local system formula resources include the local formula contribution.
- For school fiscal year 2023-24 and thereafter, the local formula contribution shall be the lesser of the local effort rate yield or the inflation rate yield.
- Local effort rate yield is the LER of \$1.00 per \$100 of adjusted valuation.
- Inflation rate yield is the sum of the local formula contribution for the school fiscal year immediately preceding the school fiscal year for which aid is being calculated adjusted by the local formula contribution inflation rate plus the local system's adjusted valuation for the total real property growth value multiplied by a local effort rate of \$1.00 per \$100 of adjusted valuation.

Section 15. Section 79-1016 [Adjusted valuation; how established; objections; filing; appeal; notice; correction due to clerical error; injunction prohibited]

- The percentage of adjusted valuation for agricultural/horticultural/special valuation for the 2020-21 certification of TEEOSA aid will be 62% of actual value.
- oFor 2021-22 certification of TEEOSA aid and thereafter it will be 52% of actual value.
- The percentage of adjusted valuation for residential/commercial & industrial/centrally assessed valuation for the 2020-21 certification of TEEOSA aid will be 91% of actual value.
- oFor 2021-22 certification of TEEOSA aid it will be 86% of actual value.
- oFor 2022-23 certification of TEEOSA aid and thereafter it will be 81% of actual value.
- Beginning in 2022, the county assessor will certify to the Property Tax Administrator the total taxable value by school district and the total real property growth value by school district.
- Beginning in 2022, the Property Tax Administrator shall compute and certify to the Department of Education the adjusted valuation for each class of property and the total real property growth value in each school district.

Section 16. Section 79-1017.01 [Local system formula resources; amounts included]

- Adds foundation aid to local system formula resources for 2020-21 and each year thereafter.

Section 17. Section 79-1022 [Distribution of income tax receipts and state aid; effect on budget]

- Changes the certification date for 2020-21 TEEOSA Aid from March 1 to May 1, 2020.
- For 2020-21 certification of TEEOSA aid and thereafter, the amount of be distributed will be the sum of equalization aid, net option funding, foundation aid, and community achievement plan aid.
- Requires the Department of Education to provide an estimate of TEEOSA for the immediately following school fiscal year to be certified in January of each year.

Section 18. Section 79-1022.02 [School fiscal year 2019-2020 certifications null and void]

- Any certification of TEEOSA aid, budget authority or allowable reserve percentage for 2020-21 pursuant to the date of this act is null and void.

Section 19. Section 79-1023 [School district; general fund budget of expenditures; limitation; department; certification]

- Changes the certification date for budget authority from March 1 to May 1, 2020.

- For 2020-21, budget authority will be the lesser of:

- oThe greater of the prior school fiscal year’s general fund budget of expenditures minus exclusions grown by the basic allowable growth rate (BAGR), or the prior school fiscal year’s general fund budget of expenditures minus exclusions grown by any student growth adjustment; or 110% of formula need for the school fiscal year for which budget authority is calculated minus special education budget of expenditures.

- The special education budget of expenditures is increased by the basic allowable growth rate before being subtracted from the formula needs.

- oOr, the greater of the 2018-19 general fund budget of expenditures minus 2018-19 exclusions grown by the basic allowable growth rate (BAGR) for 2020-21; the 2019-20 general fund budget of expenditures minus 2019-20 exclusions, increased by the basic allowable growth rate for 2019-20 grown by any student growth adjustment calculated for 2020-21; or 110% of formula need for 2020-21 minus 2018-19 special education budget of expenditures.

- The 2018-19 special education budget of expenditures is increased by the 2020-21 basic allowable growth rate before being subtracted from the formula needs.

Section 20. Section 79-1025 [Basic allowable growth rate]

- Clarifies which basic allowable growth rate is to be used for school fiscal year 2019-20 and school fiscal year 2020-21.

Section 21. Section 79-1027 [Budget restrictions]

- Changes the certification date for the applicable allowable reserve percentage from March 1, 2020 to May 1, 2020.

Section 22. Section 79-1030 [Unused budget authority for general fund budget of expenditures; carried forward; limitation]

- Beginning with school fiscal year 2020-21, unused budget authority shall not include any unused budget authority from prior school fiscal years. [Resets unused budget authority to zero.]

Section 23. Section 79-1031.01 [Appropriations Committee; duties]

- Harmonizes language for Appropriations Committee to include amount of TEEOSA aid in their recommendation to the Legislature to match the May 1, 2020 certification date for the certification of 2020-21 TEEOSA Aid.

Section 24, Section 79-1082 [Class V school district; school tax; levy]

- Harmonizes the special building fund tax levy for a Class V school district with the statutory reference for all classes of school districts.

Section 25. Section 79-1098 [Schoolhouse; erection or improvement; equipment; special tax]

- Allows a board of education to increase the special building fund levy to 14 cents per \$100 of taxable value with a vote of the people.

- oThe increase levy shall not exceed a term of 10 years.

Section 26. Section 79-10,100 [Schoolhouse; erection or improvement; equipment; vote required to approve]

- Harmonizes language for board of education to certify the increased special building fund levy to the county clerk.

Section 27. Section 79-10,101 [Schoolhouse; erection or improvement; tax fund; transfer; limitation upon use; investment]

- Harmonizes language with new language found in 79-10,120 on the uses of the special building fund levy proceeds.

Section 28. Section 79-10,120 [School district; board of education; special fund for sites and buildings; levy of taxes]

- On and after the effective date of this act, the maximum levy in the special building fund shall be 6 cents per \$100 of taxable valuation.

- oThe special building fund tax is part of the statutory maximum levy limit.

- On and after the effective date of this act, a school board may only erect, purchase, or enter into a lease-purchase agreement for a new school building or an addition to a school building after a vote of the people.

- oThe maximum tax rate is 14 cents per \$100 of taxable valuation.

- oThe levy shall be within the statutory maximum levy limit.

- A school board may continue to levy an annual tax prior to the effective date of this act through school fiscal year 2026-27 for any project commenced prior to the effective date of this act.

- oThe tax rate shall not exceed the tax rate levied in school fiscal year 2019-20.

- oThe proceeds of the tax shall only be used for the project for which the tax was levied.

- oCommenced is defined to mean any action taken by the school board on record to expend district funds to plan, construct, or carry out the project.

- oThe maximum tax authorized is 14 cents per \$100 of taxable valuation.

- oThe school board shall file a statement with the Auditor of Public Accounts, on or before October 10, 2020, describing the projects that fall under the annual tax levied in 2019-20 and the anticipated completion date for each project.

Section 29. Section 79-10,126 [Class V school district; school fiscal year 2017-18 and thereafter; school tax; additional levy; funds established]

- Harmonizes Class V special building fund levy with other classes of school districts.

Section 30. New Section [Transition Aid]

- Transition Aid is available for school fiscal years 2020-21, 2021-22 and 2022-23.

oSchools will apply to NDE for Transition Aid.

oDeadline to apply is October 31 of each year.

oThe amount of Transition Aid will be appropriated by the Legislature.

- School districts will qualify for Transition Aid if:

oThe school district has a combined general fund levy and special building fund levy of \$1.05.

oThe current school fiscal year's total general fund budget of disbursements and transfers is more than 1% less than the prior year's total general fund budget of disbursements and transfers.

- Qualifying school districts will receive 100% of the variance as Transition Aid in 2020-21, prorated by the amount appropriated by the Legislature.

o75% of the variance will be Transition Aid in 2021-22, prorated by the amount appropriated by the Legislature.

o50% of the variance will be Transition Aid in 2022-23, prorated by the amount appropriated by the Legislature.

- Payments will be paid in 8 equal installments beginning on the last working day in November.

oTransition Aid in the sum of \$500,000 or more shall be paid as a lump sum payment on the last working day of November.

- The bill has the Emergency Clause.

Committee Amendment: AM 2433 - pending

The Personal Property Tax Relief Act is repealed beginning with tax year 2020.

The taxable valuation for residential, commercial/industrial & centrally assessed valuation for school district and multiple-district school systems is reduced over a 3 year period by the following percentages:

- 2020 to 95% of actual value
- 2021 to 91% of actual value
- 2022 and thereafter to 87% of actual value

The taxable valuation for agricultural, horticultural and special valuation for school district and multiple-district school systems is reduced over a 3 year period by the following percentages:

- 2020 to 65% of actual value
- 2021 to 60% of actual value
- 2022 and thereafter to 55% of actual value

Taxes levied by school districts and multiple-district school systems means property taxes levied by any school district or multiple-district school system on real or personal property.

Changes the valuation for historically significant real property for the four years after the expiration of the 8-year historic preservation certification of rehabilitation to be assessed value rather than actual value.

The statutory maximum tax rate for school districts through school fiscal year 2022-23 is \$1.05 per \$100 of taxable valuation.

Beginning with school fiscal year 2023-24, each school district will have its own statutory maximum levy. The statutory maximum levy will be 5 cents per \$100 of taxable valuation plus the local effort rate of \$1.00 or the calculated local formula contribution.

A new levy exclusion is added to allow a school board to levy up to 100% of the positive difference between the January estimate of State Aid and the certification of State Aid. The levy exclusion will begin for 2021-22 and thereafter and will require a supermajority vote of the elected board to access the levy exclusion.

A school district must be at or above the statutory maximum levy. The levy exclusion may only be accessed if the changes in State Aid are due to changes caused by legislative enactments.

The date for the special building fund levy exclusion is changed to be for any project commenced prior to the effective date of this Act. The exclusion is limited to the amount that would be generated by the 2019-20 special building fund levy rate.

School districts that have passed a levy override election prior to the effective date of this act will have access to a levy exclusion for the 5-year period of their levy override. The amount of the exclusion will be an amount equal to the loss of revenue due to a statutory change in school district property valuations in 77-201 that occurred after the passage of a levy override election.

The base limitation (basic allowable growth rate or BAGR) for school districts beginning in 2020-21 and thereafter is the inflation rate (CPI-U).

The acceptable ranges for agricultural, horticultural, and special valuation will be reduced over the 3-year period to:

- 2020 to 59% to 65%
- 2021 to 54% to 60%
- 2022 and thereafter to 49 to 55%

The acceptable ranges for residential, commercial & industrial, and centrally assessed valuation will be reduced over the 3-year period to:

- 2020 to 87% to 95%
- 2021 to 83% to 91%
- 2022 and thereafter to 79% to 87%

Acceptable ranges are the percentage of variation from a standard for valuation as measured by an established indicator of central tendency of assessment.

The definitions section of the Tax Equity and Educational Opportunities Support Act (TEEOSA), section 79-1003, are amended to:

- Repeal obsolete language from adjusted general fund operating expenditures.

- Add new language to adjusted valuation to reference the local effort rate (LER) or the local formula contribution beginning in 2023-24.
- Sunset the allocated income tax funds with the 2019-20 certification of TEEOSA Aid.
- Adds a definition for cost index to be the CPI-U, not seasonally adjusted, released in October of each year.
- Adjusts general fund operating expenditures (GFOE) beginning in 2021-22 and thereafter to indicate it will not include receipts from the levy exclusion for additional TEEOSA Aid that is accessed by a supermajority vote of the board of education. Harmonizes the language referencing the receipts from levy override (special election, vote of people) with new levy limit.
- The inflation rate is a new definition that is the rate certified by the Tax Commissioner for each school fiscal year.
- The local formula contribution is a new definition. The local formula contribution is a calculation for determining the local yield that will be included in formula resources.
- Adds a new definition for the local formula contribution inflation rate. The local formula contribution inflation rate certified by the Tax Commissioner.

The allocated income tax component of TEEOSA Aid is repealed with the 2019-20 certification of TEEOSA Aid.

Foundation Aid is a new component of TEEOSA Aid that will replace allocated income tax. Foundation Aid is added to local system formula resources for school fiscal year 2020-21 and each year thereafter.

Foundation Aid for the 2020-21 certification of TEEOSA Aid will be calculated based on a school district's fall membership count and 5% of the net income tax collections, net corporate tax collections and the net state sales use tax collections for calendar year 2018 divided by the statewide fall membership count.

Foundation Aid for the 2021-22 certification of TEEOSA Aid will be calculated based on a school district's fall membership count and 10% of the net income tax collections, net corporate tax collections and the net state sales and use tax collections for the most recently completed calendar year divided by the statewide fall membership count.

Foundation Aid for the 2022-23 certification of TEEOSA Aid and thereafter will be calculated based on a school district's fall membership count and 15% of the net income tax collections, net corporate tax collections and the net state sales and use tax collections for the most recently completed calendar year divided by the statewide fall membership count.

The fall membership count of students will be replaced with the average daily membership count of students for the final recalculation of TEEOSA Aid in all school fiscal years.

If the calculation of foundation aid is not equal to or great than 15% of the basic funding calculated for the system, foundation aid shall be increased to equal 15% off such basic funding.

For the calculation of Foundation Aid, the income tax collections, corporate income tax collections, and sales and use tax collections will be based on a calendar year. The Tax Commissioner shall certify these amounts to the Department of Education on or before April 15, 2020 for the calculation of aid for school fiscal year 2020-21 and on or before

November 1 for each year thereafter.

The last school fiscal year for the averaging adjustment component of TEEOSA Aid is 2020-21.

The calculation of net option funding for school fiscal years 2019-20 and 2020-21 will be calculated using the net number of option students multiplied by the statewide average basic funding per formula student.

For school fiscal year 2021-22 and thereafter net option funding will be calculated using the net number of option students multiplied by the statewide average general fund property taxes per formula student.

The calculation of statewide average general fund property taxes per formula student is the sum of the receipts of the general fund property tax levies, the Property Tax Credit Cash Fund, homestead exemption reimbursement and personal property tax exemption reimbursements divided by the statewide formula students. The receipts are from the most recently available complete data year and the students are from the school fiscal year for which aid is being calculated.

On or before April 15, 2020, on or before November 15, 2020, and on or before November 15 of each year thereafter, the Tax Commissioner calculates and certifies the inflation rate to the Department of Education. Beginning in 2022, the

Tax Commissioner shall also calculate and certify the local formula contribution inflation rate for the immediately following school fiscal year.

The inflation rate is calculated by subtracting the cost index immediately preceding the most recent cost index from the most recent cost index and dividing the difference by the cost index immediately preceding the most recent cost index.

The most recent cost index is defined as the most recent cost index available at the time of certification.

The inflation rate shall never be greater than 2.5% or less than 0%.

The local formula contribution inflation rate shall equal the inflation rate and will never be less than 0%.

For school fiscal year prior to 2023-24, local system formula resources includes the yield from the local effort rate (LER).

Local effort rate yield is the LER of \$1.00 per \$100 of adjusted valuation.

For school fiscal year 2023-24 and thereafter, local system formula resources include the local formula contribution. For school fiscal year 2023-24 and thereafter, the local formula contribution shall be the lesser of the local effort rate yield or the inflation rate yield.

The inflation rate yield is the sum of the local formula contribution for the school fiscal year immediately preceding the school fiscal year for which aid is being calculated adjusted by the local formula contribution inflation rate plus the local system's adjusted valuation for the total real property growth value multiplied by a local effort rate of \$1.00 per \$100 of adjusted valuation.

Beginning in 2022, the county assessor will certify to the Property Tax Administrator the total taxable value by school district and the total real property growth value by school district.

Beginning in 2022, the Property Tax Administrator shall compute and certify to the Department of Education the adjusted valuation for each class of property and the total real property growth value in each school district.

The adjusted valuation percentages for TEEOSA Aid purposes for residential, commercial & industrial, and centrally assessed valuation are:

- 2020-21 to 91%
- 2021-22 to 87%
- 2022-23 & thereafter to 83%

The adjusted valuation percentages for TEEOSA Aid purposes for agricultural, horticultural, and special valuation are:

- 2020-21 to 62%
- 2021-22 to 57%
- 2023-24 and thereafter to 52%

The certification date for 2020-21 TEEOSA Aid and each year thereafter is harmonized with LB880E (2020 Session) and moved from March 1, 2020 to May 1, 2020.

On or before May 1, 2020 and on or before March 1, of each year thereafter, for the purpose of calculating the levy exclusion pursuant to section 77-3442(2)(d)(vii), the department shall provide an estimate of aid without any short-term adjustment by the Legislature.

Such estimate shall equal the amount that would have been certified pursuant to this section for the immediately following school fiscal year using the inflation rate certified by the Tax Commissioner without any short-term adjustments and all other components of TEEOSA as such act existed on May 1, 2020.

Short-term adjustment is defined to mean a change passed by the Legislature with a defined period of applicability.

Any certification of TEEOSA Aid, budget authority or allowable reserve percentage for 2020-21 pursuant to the date of this Act is null and void.

The certification date for 2020-21 budget authority and 2020-21 applicable allowable reserve percentage is harmonized with LB880E (2020 Session) and moved from March 1, 2020 to May 1, 2020.

For 2020-21, budget authority will be the lesser of the following calculations:

- The greater of the prior school fiscal year's general fund budget of expenditures minus exclusions grown by the basic allowable growth rate (BAGR), or the prior school fiscal year's general fund budget of expenditures minus exclusions grown by any student growth adjustment; or 110% of formula need for the school fiscal year for which budget authority is calculated minus special education budget of expenditures.

- Or, the greater of the 2018-19 general fund budget of expenditures minus 2018-19 exclusions grown by the basic allowable growth rate (BAGR) for 2020-21; the 2019-20 general fund budget of expenditures minus 2019-20 exclusions, increased by the basic allowable growth rate for 2019-20 grown by any student growth adjustment calculated for 2020-21; or 110% of formula need for 2020-21 minus 2018-19 special education budget of expenditures.

The basic allowable growth rate is to be used for school fiscal year 2019-20 will be 2%. The basic allowable growth rate for school fiscal year 2020-21 will be the base limitation established under section 77-3446.

Beginning with school fiscal year 2020-21, unused budget authority shall not include any unused budget authority from prior school fiscal years.

Harmonizes the special building fund tax levy for a Class V school district with the statutory reference for all classes of school districts.

A board of education may increase the special building fund levy to 14 cents per \$100 of taxable value with a majority vote of the people. The increased levy shall not exceed a term of 10 years.

Prior to the effective date of this Act, a school board may levy a maximum of 14 cents per \$100 of taxable value in the special building fund.

On and after the effective date of this Act, the maximum levy in the special building fund shall be 6 cents per \$100 of taxable valuation. The special building fund tax is part of the statutory maximum levy limit.

On and after the effective date of this Act, a school board may only erect, purchase, or enter into a lease-purchase agreement for a new school building or an addition to a school building after a vote of the people. The maximum tax rate is 14 cents per \$100 of taxable valuation. The levy shall be within the statutory maximum levy limit.

The school board or board of education of any school district, or any joint public agency that has been delegated the authority to tax, may continue an annual tax established prior to the effective date of this Act through school fiscal year 2028-29 for any lease-purchase project commenced prior to the effective date of this Act.

The annual tax shall not exceed the amount needed to annually fund such lease-purchase project through school fiscal year 2028-29. The proceeds of any such annual tax shall only be used for the lease-purchase project for which the tax was levied. Commenced is defined to mean any action taken by the school board on the record which commits the board to expend district funds in planning, constructing, or carrying out the lease-purchase project.

Any tax authorized under this subsection may exceed fourteen cents on each one hundred dollars of taxable value when combined with all other taxes imposed pursuant to this section.

Transition Aid will be provided to school districts that have combined general fund and special building fund levies of \$1.05 or greater and has a percent change in school district revenue that is greater than 0% for school fiscal year 2020-21, 1% for school fiscal year 2021-22, and 2.5% for 2022-23. The Department of Education will calculate, certify and distribute Transition Aid.

Percent change in school district revenue is defined as the change in school district revenue for a given school fiscal year divided by the school district revenue for the school fiscal year immediately preceding the given school fiscal year.

School district revenue means the sum of the calculated property tax request and the state aid for a single school fiscal year.

Calculated property tax request is defined as an amount equal to the taxable valuation of property subject to the general fund levy of the school district for the school fiscal year multiplied by \$1.05 per \$100 of taxable value.

The change in school district revenue means any positive difference resulting from subtracting the school district revenue for a given school fiscal year from the school district revenue for the school fiscal year immediately preceding the given school fiscal year.

State aid is defined as the amount of aid calculated and certified for the school fiscal year pursuant to TEEOSA without any adjusted pursuant to section 79-1065.

Transition Aid for 2020-21 will equal 100% of the change in school district revenue for school district revenue for school fiscal year 2020-21.

Transition aid for 2021-22 will equal 75% of the difference of the change in school district revenue for school fiscal year 2021-22 minus 1% of the school district revenue for school fiscal year 2020-21.

Transition Aid for 2022-23 will equal 50% of the difference of the change in school district revenue for school fiscal year 2022-23 minus 2.5% of the school district revenue for school fiscal year 2021-22.

Transition Aid will be paid in 10 equal payments beginning on the last business day of September through the last business day in June. If Transition Aid is less than \$10,000, Transition Aid shall be paid in a lump sum on the last business day in September.

The Property Tax Transition Aid Cash Fund is created to be used exclusively for the disbursement of Transition Aid.

The bill has the Emergency Clause.

Disposition at Sine Die:

LB 974 advanced to General File. LB 974 was not advanced from General File and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LB 1012 (La Grone) Change provisions relating to tax exemptions for property acquired by certain tax-exempt entities

Introduced Version:

An organization seeking a real or personal property tax exemption is currently required to file an application for the exemption on or before July 1 of the year preceding the year for the tax exemption.

LB1012 will change the date of the application from July 1 to on or before December 31 of the year for the tax exemption. The exempt use shall be determined as of the date of the application. The county board shall review the application as soon as practicable after receipt of the application.

Disposition at Sine Die:

LB 1012 was not advanced from committee and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LB 1087 (Friesen) Change provisions relating to partial payments of property taxes

Introduced Version:

LB1087 will allow a county treasurer to accept partial payments for current or delinquent property taxes. Such payments are to be held in an escrow account. The county treasurer will be required to hold such amounts in escrow until enough funds are available to pay one-half of the current taxes due or the full

amount of delinquent taxes. The county treasurer may require a minimum payment or payment schedule as a condition for holding the funds in escrow. An escrow agreement between the county treasurer and the person making the payments may be another condition for accepting payments.

Disposition at Sine Die:

LB 1087 was not advanced from committee and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LB 1125 (Cavanaugh) Provide a new homestead exemption and authorize the late filing of homestead exemption applications

Introduced Version:

LB1125 will add a new exemption category to the Homestead Exemption Program. Beginning January 1, 2021, an individual with a disability defined under Title II (SSDI) or Title XVI (SSI) of the federal Social Security Act will qualify for the Homestead Exemption Program.

An owner may file a late application for the Homestead Exemption Program if the owner failed to file the application in a timely manner, regardless of the reason for the failure to file the application. The late application shall be only for the current year and must be filed at least 60 days prior to the date the first half of the property taxes are considered delinquent. This exemption to the filing deadline will only be granted one time.

Notes:

SSDI – Social Security Disability Insurance benefits provided to individuals who are unable to work due to a mental or physical disability.

SSI – Supplemental Security Income benefits are need-based disability benefits.

Disposition at Sine Die:

LB 1125 was not advanced from committee and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LB 1192 (Linehan) Limit the total amount reimbursed by the state for homestead exemptions

Introduced Version:

LB1192 will cap the amount of state reimbursement for the Homestead Exemption program at \$100 million. If the amount certified from all the counties for the Homestead Exemption program exceeds \$100 million, the Tax Commissioner will proportionately reduce the amount to reimburse each county to fit within the \$100 million cap.

The proportionate amount distributed by each county to the taxing agencies within the county will be based on the amount of tax revenue lost by the taxing agency.

Disposition at Sine Die:

LB 1192 was not advanced from committee and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LB 1212 (B. Hansen) Provide an income tax deduction for certain wages paid to individuals convicted of a felony

Introduced Version:

LB1212 will create the Property Tax Request Act. The bill defines political subdivision to mean any county, city, village, school district, learning community, sanitary and improvement district, natural resource district, educational service unit or community college. The term “political subdivision” is used to replace all individual references to those political subdivision currently listed in statute.

The bill also defines property tax request to mean the total amount of property taxes requested for a political subdivision through the levy imposed pursuant to section 77-1601.

LB1212 retains the current requirement for a political subdivision to pass a resolution or ordinance requesting its property tax request. The bill also retains the current requirement for a political subdivision to hold a public hearing on its property tax request.

The bill creates additional requirements for the public hearing, the publication notice for the hearing, and the resolution asking for the property tax request.

Public Hearing

There may be no other items on agenda other than the following:

- Discussion and action on intent to approve an increase in the property tax request
- The budget of the political subdivision
- The opportunity for the public to provide oral testimony with reasonable time limits and without unreasonable restrictions on the number of individuals allowed to make a public comment

A political subdivision shall not schedule a the public hearing on its property tax request at the same time as the public hearing of another subdivision within the same county. The public hearing may not be scheduled before 6:00 p.m. A public meeting may be scheduled by the political subdivision to address general business; however, that meeting must be held prior to the public hearing and shall conclude prior to the beginning of the public hearing on the property tax request.

Publication Notice

The notice of hearing (publication notice) shall be published in a newspaper or combination of newspapers of general circulation in the political subdivision. The notice of hearing **shall not be** placed in the portion of the newspaper that contains Public Notices.

The newspaper or newspapers selected shall be of general interest and readership in the political subdivision and not be of a limited subject matter. The intent of LB1212 is the newspaper should be at least a weekly paper.

Formatting requirements for the notice of hearing are:

- The notice of hearing shall be no less than one-fourth of a page in size
- Have no less than an 18 point type face
- Be surrounded by a one-fourth inch border

The notice of hearing shall be one once each week for two weeks before the public hearing. The second notice of hearing shall be published at least 7 days after the first publication.

LB1212 provides specific language that must be published regarding the proposed tax increase which includes:

- The name of the political subdivision
- The percentage change in the total assessed value from last year to the current year
- The tax rate which would generate the same amount of tax dollars when multiplied by the new valuation
- The tax rate the political subdivision will need to generate the property tax dollars in its request
- The percentage the total operating budget will increase over the last year
- A statement inviting all citizens to the public hearing.

The public hearing portion of the notice shall specifically include the following:

- The time, date and location of the meeting
- The name and telephone number of the political subdivision so citizens know who to contact for additional information on the property tax request

Resolution

The resolution or ordinance setting a property tax request that is greater than the prior year's property tax request shall include, and not be limited, to the following:

- The name of the political subdivision
- The amount of the property tax request
- The percentage change in the total assessed value from last year to the current year
- The tax rate which would generate the same amount of tax dollars when multiplied by the new valuation
- The tax rate the political subdivision will need to generate the property tax dollars in its request
- The percentage the total operating budget will increase over the last year
- A record vote of the governing body

The due date for filing the resolution with the county clerk remains the same, which is on or before October 13.

Disposition at Sine Die:

LB 1212 was not advanced from committee and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LB 1213 (B. Hansen) Change tax and school funding provisions

Introduced Version:

LB1213 will do the following:

- Reduce all taxable valuation over a 2-year period
- Change the acceptable ranges for valuation
- Create the Property Tax Request Act
- Repeal the inheritance tax
- Change the sales tax rate
- Expand the sales tax base
- Change income tax rates

- Creates the New School Aid Act

The bill has an Operative Date of July 1, 2020n and the Emergency Clause.

Taxable Valuation and Acceptable Ranges

Beginning in tax year 2021 and each tax year thereafter, residential, commercial and industrial, and centrally assessed property will be valued at 90% of its actual value.

Beginning in tax year 2021 and each tax year thereafter, agricultural, horticultural, and special valuation properties will be valued at 65% of its actual value.

Changes the valuation for the four years after the expiration of the 8-year historic preservation certification of rehabilitation to be assessed value rather than actual value.

The acceptable ranges for tax year 2021 and each tax year thereafter for residential, commercial and industrial, and centrally assessed property shall be 82% to 90% of actual value.

The acceptable ranges for tax year 2021 and each tax year thereafter for agricultural, horticultural, and special valuation properties shall be 59% to 65% of actual value.

Property Tax Request Act

LB1213 creates the Property Tax Request Act.

Allowable growth is defined as the growth in the total assessed value of property from the prior assessment year to the current assessment year as a result of annexation or the development of property in the political subdivision.

Political subdivision is defined to mean any county, city, village, school district, learning community, sanitary and improvement district, natural resource district, educational service unit or community college. The term “political subdivision” is used to replace all individual references to those political subdivision currently listed in statute.

The bill defines property tax request to mean the total amount of property taxes requested for a political subdivision through the levy imposed pursuant to section 77-1601.

LB1213 retains the current requirement for a political subdivision to pass a resolution or ordinance requesting its property tax request. The bill also retains the current requirement for a political subdivision to hold a public hearing on its property tax request.

A public hearing is required if the total assessment of property, excluding allowable growth, would result in an increase, decrease, or no change in the total property taxes levied by a political subdivision.

The bill creates additional requirements for the public hearing, the publication notice for the hearing and the resolution asking for the property tax request.

Public Hearing

There may be no other items on agenda other than the following:

- Discussion and action on intent to approve an increase in the property tax request
- The budget of the political subdivision

- The opportunity for the public to provide oral testimony with reasonable time limits and without unreasonable restrictions on the number of individuals allowed to make a public comment

A political subdivision shall not schedule a the public hearing on its property tax request at the same time as the public hearing of another subdivision within the same county. The public hearing may not be scheduled before 6:00 p.m. A public meeting may be scheduled by the political subdivision to address general business; however, that meeting must be held prior to the public hearing and shall conclude prior to the beginning of the public hearing on the property tax request.

Publication Notice

The notice of hearing (publication notice) shall be published in a newspaper or combination of newspapers of general circulation in the political subdivision. The notice of hearing **shall not be** placed in the portion of the newspaper that contains Public Notices.

The newspaper or newspapers selected shall be of general interest and readership in the political subdivision and not be of a limited subject matter. The intent of LB1213 is the newspaper should be at least a weekly paper.

Formatting requirements for the notice of hearing are:

- The notice of hearing shall be no less than one-fourth of a page in size
- Have no less than an 18 point type face
- Be surrounded by a one-fourth inch border

The notice of hearing shall be one once each week for two weeks before the public hearing. The second notice of hearing shall be published at least 7 days after the first publication.

LB1212 provides specific language that must be published regarding the proposed tax increase which includes:

- The name of the political subdivision
- The percentage change in the total assessed value from last year to the current year
- The tax rate which would generate the same amount of tax dollars when multiplied by the new valuation
- The tax rate the political subdivision will need to generate the property tax dollars in its request
- The percentage the total operating budget will increase over the last year
- A statement inviting all citizens to the public hearing.

The public hearing portion of the notice shall specifically include the following:

- The time, date and location of the meeting
- The name and telephone number of the political subdivision so citizens know who to contact for additional information on the property tax request

Resolution

The resolution or ordinance setting a property tax request that is greater than the prior year's property tax request shall include, and not be limited, to the following:

- The name of the political subdivision
- The amount of the property tax request
- The percentage change in the total assessed value from last year to the current year

- The tax rate which would generate the same amount of tax dollars when multiplied by the new valuation
- The tax rate the political subdivision will need to generate the property tax dollars in its request
- The percentage the total operating budget will increase over the last year
- A record vote of the governing body

The due date for filing the resolution with the county clerk remains the same, which is on or before October 13.

Inheritance Tax

The inheritance tax is repealed on or after July 1, 2020.

Sales Tax Rate

The sales tax rate commencing July 1, 2020 shall be 5% for everything except the purchase of food and food ingredients. The sales tax rate for the purchase of food and food ingredients shall be 3%.

Expansion of the Sales Tax Base

Services that will be added to the sales tax base by LB1213 are shown in the following table.

Laundry & dry cleaning services (excludes self-service coin-operated washing machines & dryers)	Laboratory testing services, excluding medical testing services
Carpentry services	Repair or remodeling of real property
Detective services	Custom meat slaughtering, cutting & wrapping services
Painting services	Lawn care & landscaping services
Plumbing services	Oil field services
Limousine, taxi & other transportation services	Packing & crating services
Telephone services	Chartered flights
Beauty & personal care services, including, but not limited to, hair care, nail care, skin care, hair removal & massage services	Animal specialty services, including but not limited to vet services, specialty services performed on livestock, animal grooming performed by a licensed vet or a licensed vet technician in conjunction with medical treatment
Grading & excavation services	Dating services
Employment agency services	Storage services
Investment counseling services	Moving services
Fishing & hunting guide services	Interior design & decorating services
Parking services provided for motor vehicles	Tele-floral delivery services

LB1213 appears to place a 3% sales tax on food and food ingredients as defined in 77-2704.10. Food and food ingredients means substances, whether in liquid, concentrated, solid, frozen, dried, or dehydrated form, that are sold for ingestion or chewing by humans and are consumed for their taste of nutritional value. Food and food ingredients does not include alcoholic beverages, dietary supplements, or tobacco. Alcoholic beverages, dietary supplements, and tobacco are also defined in the bill. WIC-eligible food is exempt from sales tax. WIC-eligible food is food that is eligible to be purchased under the Special Supplemental Nutrition Program for Women, Infants, and Children (SNAP).

Materials and replacement part acquired outside of Nebraska and moved into Nebraska for railroad rolling stock will be subject to sales and use tax. This will apply to any railroad rolling stock owned by a railroad or any person, whether a contract carrier or otherwise.

Telecommunications service between telecommunications companies, including division of revenue, settlement, or carrier access charges will be subject to sales and use tax.

Tax Expenditure Report

Removes agricultural machinery, railroad rolling stock and repair parts and services, newspapers, telefloral deliveries, food for home consumption from the sales tax exemption portion of the Tax Expenditure Report

Removes motor vehicle maintenance and repair services, cleaning and repair of clothing, maintenance, painting and repair of real property, personal care services, lawn care, gardening and landscape services, pet-related services, storage and moving services, taxi, limousine, and other transportation services, and telecommunications access charges from the sales tax on services are removed from the sales tax exclusion portion of the Tax Expenditure Report.

Mechanical Amusement Device Tax (MAD Tax)

A mechanical amusement device shall be subject to sales tax on the payment of yearly tax and licensing fees.

Income Tax Rates

The bill will change the individual income tax rates for each bracket for taxable years beginning on or after January 1, 2021. The table shown below provides the tax rate prior to January 1, 2021 and on or after January 1, 2021.

Bracket Number	Tax Rate for Taxable Years Beginning Prior to 1/1/2021	Tax Rate for Taxable Years Beginning on or after 1/1/2021
1	2.46%	2.26%
2	3.51%	3.31%
3	5.01%	4.81%
4	6.84%	6.64%

New School Aid Act

The Tax Equity and Educational Opportunities Act will terminate on July 1, 2021.

Beginning with school fiscal year 2021-22, education funding will be provided by the New School Aid Act. The school aid provided will be the sum of: Foundation Aid + Poverty Grant + English Learner Grant + Student Growth Grant + Administration Sharing Incentive minus Spending Adjustment. The bill provides definitions and the calculation process for each component for school aid. This portion of the New School Aid Act will be General Fund aid.

LB1213 creates Infrastructure Aid within the new formula. Infrastructure Aid will be 2.23% of the income tax liability of resident individuals in each school district. Infrastructure Aid may only be used for infrastructure improvements and utilities.

Disposition at Sine Die:

LB 1213 was not advanced from committee and was indefinitely postponed with the end of the legislative session on August 13, 2020.

Sales Tax

LB 13 (Blood) Provide a sales tax exemption for breast pumps and related supplies and exempt breast-feeding from public indecency offenses

Introduced Version:

The bill exempts from sales and use tax:

- Breast pumps;
- Repair and replacement parts;
- Breast pump kits; and
- Collection and storage supplies.

The bill goes on to define these terms and conforms to the existing definition of bundled transactions:

77-2701.48 (4)(c) a transaction that includes taxable products and nontaxable products and the purchase price or sales price of the taxable products is de minimus. De minimus means the seller's purchase price or sales price of the taxable products is ten percent or less of the total purchase price or sales price of the bundled products.

The bill also provides that breast feeding in a public place is not public indecency. The operative date is set for October 1, 2019.

Committee Amendment: AM 147 – pending

Strike the original sections and insert the following new sections:

Section 1. Section 28-806, Reissue Revised Statutes of Nebraska, is amended to read:

28-806 (1) A person, eighteen years of age or over, commits public indecency if such person performs or procures, or assists any other person to perform, in a public place and where the conduct may reasonably be expected to be viewed by members of the public:

- (a) An act of sexual penetration; or
 - (b) An exposure of the genitals of the body done with intent to affront or alarm any person; or
 - (c) A lewd fondling or caressing of the body of another person of the same or opposite sex.
- (2) Public indecency is a Class II misdemeanor.
- (3) It shall not be a violation of this section for an individual to breast-feed a child in a public place.

Sec. 2. Original section 28-806, Reissue Revised Statutes of Nebraska, is repealed

Disposition at Sine Die:

LB 13 was amended into LB 209 with AM 1875. LB 209 was passed on Final Reading, 36-12-1. LB 209 was approved by the Governor on June 04, 2019.

LB 18 (Briese) Adopt the Remote Seller Sales Tax Collection Act

Introduced Version:

The bill creates the Remote Seller Sales Tax Collection Act. It requires remote sellers (those without a physical presence in the state) to collect and remit sales tax if:

1. Gross revenue from sales into the state exceed \$100,000 in the previous or current calendar year; or
2. Sales into the state exceed 200 or more separate transaction in the same time period.

The bill specifies that these obligations will not be applied retroactively. The Department of Revenue is required to annually determine the amount of revenue generated by remote sellers and generally credit such amounts to the Property Tax Credit Cash Fund.

The operative date is set for October 1, 2019.

Disposition at Sine Die:

LB 18 was not advanced from committee and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LB 162 (Hunt) Impose sales and use taxes on certain services

Introduced Version:

The bill imposes sales and use tax on the following services:

- Body piercing;
- Tattooing;
- Tanning; and
- Electrolysis hair-removal.

The Act becomes operative on October 1, 2020.

Disposition at Sine Die:

LB 162 was not advanced from committee and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LB 170 (Hunt) Provide a sales and use tax exemption for feminine hygiene products

Introduced Version:

The bill exempts from sales and use tax “feminine hygiene products” as defined. The definition conforms to the Streamlined Sales Tax Agreement. The bill also defines “grooming and hygiene products” which are distinguishable from feminine hygiene products. This also conforms to the Streamlined definitions.

The operative date is set for October 1, 2019.

Disposition at Sine Die:

LB 170 was not advanced from committee and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LB 187 (Lindstrom) Change the Sports Arena Facility Financing Assistance Act

Introduced Version:

LB187 proposes to add a two new definitions to an eligible sports arena facility to the Sports Arena Facility Financing Assistance Act. The first new definition is for any sports complex which would include concession areas, parking facilities and onsite administrative offices connected with operating the sports complex. The second new definition is for a multipurpose field. A multipurpose field is defined to mean a rectangular field of grass or synthetic turf which is primarily used for competitive field sports. Competitive sports may include soccer, football, flag football, lacrosse or rugby.

The bill would repeal the occupancy requirement to receive a turn back of sales tax and replaces occupancy with project completion date. Project completion date is defined as:

- Projects involving the acquisition or construction of any eligible sports arena facility, the date of initial occupancy of the facility following the completion of such acquisition or construction; or
- For all other projects, the date of completion of the project for which state assistance is received.

To qualify for the sales tax turn back, a sports complex is a facility that includes indoor areas, outdoor areas, or both, be primarily used for competitive sports and contain at least 12 separate sports venues if located in a city of the metropolitan class; 8 separate sports venues if located in a city of the primary class; or 4 separate sports venues if located in a city of the first class, second class, village or county.

Sports venues may include, but are not limited to:

- A baseball field;
- A softball field;
- A multipurpose field;
- An outdoor stadium primarily used for competitive sports;

- An outdoor arena primarily used for competitive sports; or
- An enclosed, temperature-controlled building primarily used for competitive sports

The details required in an application for the Sports Arena Facility Financing Assistance Act, the requirement for a public hearing on the application, and the approval or denial of the application are not changed by LB187.

The bill has the Emergency Clause.

Disposition at Sine Die:

LB 187 was advanced to General File. LB 187 did not advance from General File and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LB 218 (Lindstrom) Redefine real property and gross receipts for tax purposes

Introduced Version:

The bill amends the sales and use tax definition of “tangible personal property” to exclude electric generation, transmission, distribution, and street lighting structures or facilities owned by a political subdivision of the state”, thereby making these items exempt from sales and use tax.

The bill also amends the sales and use tax definition of “gross receipts” to exclude receipts from a lease or the use of electric generation, transmission, distribution, or street lighting structures or facilities owned by a political subdivision of the state.

The bill contains the Emergency Clause.

Committee Amendment: AM 536 – adopted

The amendment becomes the bill. Rather than excluding certain electric generation property from the sales tax definition of tangible personal property, it amends the definition of real property to include these types of property, thereby excluding them from the sales tax base.

Disposition at Sine Die:

LB 218 was advanced to General File with AM 536. LB 218 was passed on Final Reading with the Emergency Clause, 48-0-1, and was approved by the Governor on May 29, 2019.

LB 236 (Crawford) Change access to sales and use tax information with respect to the Nebraska Advantage Transformational Tourism and Redevelopment Act

Introduced Version:

The bill amends Neb.Rev.Stat. §77-2711, which lists the exceptions to the general rule prohibiting disclosure of confidential of tax information under the purview of the Tax Commissioner.

Under current law, one person designated by a municipality with a local option sales tax is allowed to review confidential sales and use tax return information of sales tax permit holders with locations within the boundaries of the municipality. The return information must be reviewed on the premises of the Department of Revenue and may not be removed from the premises.

The bill would allow this information to be sent electronically to the designated person at the municipality rather than requiring them to review the information on the premises of the Department. This would only apply to situations in which the request is from a municipality that has an agreement under the Nebraska Advantage Transformational Tourism and Redevelopment Act.

The information would be sent electronically in a secure manner as determined by the Tax Commissioner.

Disposition at Sine Die:

LB 236 advanced to General File. LB 236 was passed on Final Reading, 46-0-3, and was approved by the Governor on February 12, 2020.

LB 237 (Crawford) Change provisions relating to sales and use tax collection fees and authorize use of certain fees for revenue enforcement

Introduced Version:

The bill increases the sales and use tax collection fee for county treasurers. Under current law, county treasurers are allowed to withhold the same collection fee as any retailer and the revenue is to be used for the county general fund. The retailer collection fee is currently capped at \$75 per month.

The bill would increase this amount by one-half of one percent of all amounts collected in excess of \$3,000 per month. 75% would be deposited in the county general fund and 25% would be allocated to the county road fund.

The operative date is set as January 1, 2020.

Committee Amendment: AM 676 – adopted

The amendment requires any county with a population of 150,000 or more to remit one dollar for each of the first 5,000 vehicles registered to the Department of Revenue to delay the costs incurred to implement the bill.

Disposition at Sine Die:

LB 237 was advanced to General File with AM 676. LB 237 was passed on Final Reading, 44-4-1, and was approved by the Governor on May 08, 2019.

LB 242 (Lindstrom) Adopt the Infrastructure Improvement and Replacement Assistance Act and provide for a turnback of state sales tax revenue

Introduced Version:

LB242 will create the Infrastructure Improvement and Replacement Assistance Act. The intent is to assist municipalities and sewer and water utilities by establishing a turn back of state sales tax revenue to provide funds to be used to replace and redevelop sewer and water infrastructure facilities and to redevelop and replace obsolete sewer and water facilities.

The bill provides the state shall pay each political subdivision, sewer utility, or water utility a percentage of the state sales tax imposed on sewer and potable water fees and collected by such political subdivision or utility. The amount of the turn back will be:

- 2% for sales taxes from July 1, 2019 through June 30, 2021

- 3% for sales taxes imposed from July 1, 2021 through June 30, 2023
- 4% for sales taxes imposed on and after July 1, 2023

Funds received shall be used exclusively to assist in:

- Paying for infrastructure improvements relating to constructing, upgrading, redeveloping, or replacing sewer and water infrastructure facilities;
- Paying for the redevelopment and replacement of obsolete water or sewer facilities; or
- Repaying bonds issued and pledged for such work.

The Department of Revenue is authorized to adopt and promulgate rules and regulations to carry out the provisions of this Act.

The bill has the Emergency Clause.

Committee Amendment: AM 434 - pending

The amendment to the bill changes the date of the beginning of the distribution period from July 1, 2019, to July 1, 2020.

The amendment also changes the percentage amount of the distributions from 2%, 3%, and 4% respectively to 36.6%,

54.54%, and 72.72%. Which corrects a drafting error.

Disposition at Sine Die:

LB 242 was advanced to General File as amended. LB 242 did not advance from General File and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LB 279 (Bostelman) Provide a sales and use tax exemption for food sold by veterans service organizations

Introduced Version:

LB279 proposes to exempt from sales tax prepared food and food ingredients sold by a veterans service organization. The veterans service organization must be congressionally chartered, have active chapters in Nebraska, and is exempt from federal income tax under section 501(c)(19) of the Internal Revenue Code of 1986, as amended.

The bill has an operative date of October 1, 2019.

Disposition at Sine Die:

LB 279 was not advanced from committee and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LB 284 (McCollister) Change sales and use tax provisions relating to out-of-state retailers and multivendor marketplace platforms

Introduced Version:

The bill increases the sales and use tax collection fee for county treasurers. Under current law, county treasurers are allowed to withhold the same collection fee as any retailer and the revenue is to be used for the county general fund. The retailer collection fee is currently capped at \$75 per month.

The bill would increase this amount by one-half of one percent of all amounts collected in excess of \$3,000 per month. 75% would be deposited in the county general fund and 25% would be allocated to the county road fund.

The operative date is set as January 1, 2020.

Committee Amendment: AM 392 – adopted

The amendment makes the following changes:

1. It creates two separate subsections to address the obligations of remote sellers and multivendor marketplace platform operators to collect and remit tax on sales into the state if they exceed the specified thresholds for "doing business in this state" despite the lack of a physical presence in the state;
2. Adds a provision under the definition of "doing business in this state" that includes "conducting operations in this state that exceed the limitations of the commerce clause and due process clause of the United States Constitution";
3. Clarifies the activities which, if conducted by a seller in this state, exceed the limitations of the United States Constitution;
4. Amends the definition of "gross receipts" to include the receipts of multivendor marketplace platform operators;
5. Amends the definitions under "Retailer" to include multivendor marketplace platform operators;
6. Clarifies that when the threshold are exceeded for the first time, the seller must obtain a permit from the Department of Revenue and begin collecting and remitting sales tax on or before the first day of the second calendar month after the threshold(s) was exceeded;
7. Adds a credit for individual remote sellers who are collecting and remitting tax to the state for taxes collected and remitted by a multivendor marketplace platform operator on the same sales of tangible personal property. The bill as drafted contained such a credit for the multivendor marketplace platform operators in the event the individual seller has already collected and remitted the tax. Both such persons are jointly liable for the tax;
8. The amendment strikes references to other statutory chapters regarding Local Option Sales Taxes as those provisions are specifically incorporated under existing provisions of the Nebraska Revenue Act of 1967; and
9. Changes the operative date from July 1 to April 1, 2019.

Disposition at Sine Die:

LB 284 was advanced to General File with AM 392. LB 284 was passed on Final Reading, 43-0-6, and was approved by the Governor on March 21, 2019.

LB 290 (Linehan) Change the sales and use tax rate

Introduced Version:

LB290 would change the sales tax rate effective July 1, 2020. The bill, as introduced, is a placeholder bill.

Disposition at Sine Die:

LB 290 was not advanced from committee and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LB 291 (Linehan) Change sales and use tax provisions

Introduced Version:

The bill requires remote sellers (those without a physical presence in the state) and/or “marketplace platforms” that facilitate remote sales to collect and remit sales tax if:

1. Gross revenue from sales into the state exceed \$100,000 in the previous or current calendar year; or
2. Sales into the state exceed 200 or more separate transaction in the same time period.

The bill relieves a remote seller from liability to collect and remit the sales tax if the marketplace platform collects and remits the tax. The seller must still file a return with the state but is allowed to claim credit for the tax collected and remitted on its behalf by the marketplace platform.

The bill clarifies that remote sellers who exceed either threshold during the calendar year are required to register and begin collecting sales tax on or before the first day of the second calendar month after the threshold was exceeded. It modifies the definitions of “gross receipts” and “retailer” to include a marketplace platform facilitator.

The bill contains an emergency clause and sets the operative date as April 1, 2019.

Disposition at Sine Die:

LB 291 was not advanced from committee and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LB 349 (Friesen) Provide sales and use tax collection duties for certain peer-to-peer rentals of vehicles

Introduced Version:

The bill would make “peer-to-peer” rentals of motor vehicles subject to the sales tax. “Peer-to-peer” is defined to mean a “rental transaction in which one individual rents his or her personal property to another individual for short-term use.”

The tax would be imposed on the rental price and would be collected and remitted by the party facilitating the rental. Motor vehicles include automobiles, trucks, trailers, semitrailers, and truck-tractors as defined in the Motor Vehicle Registration Act.

Disposition at Sine Die:

LB 349 was not advanced from committee and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LB 410 (Kolowski) Exempt certain sales of clothing and footwear from sales and use taxes

Introduced Version:

LB410 proposes to create a sales tax holiday for back-to-school shopping. The sales tax holiday would begin the first Friday in August and end the following Saturday. The time zone of the seller's location will determine the time of the sales tax holiday when the purchaser is located in a different time zone.

The bill specifies the sales tax holiday only applies to clothing costing \$100 or less per item and footwear costing \$150 or less per item. Clothing and footwear that have been ordered or placed on layaway and paid for in full during the timeframe are included in the sales tax holiday. Rain checks issued during the eligible timeframe will qualify for the sales tax exemption.

The bill states the sales tax holiday does not apply to the following:

- Clothing accessories or equipment
- Protective equipment
- Sport or recreational equipment
- Any item for use in a trade or business
- The sale of an item in a theme park, entertainment complex, public lodging establishment, or airport
- The lease or rental of any item

LB410 provides the requirements for exchanging clothing or footwear and receiving the sales tax exemption. If the exchange occurs during the eligible timeframe, no additional tax is due. If the exchange occurs after the eligible timeframe, sales tax is due on the new item. If the purchase is made before the eligible timeframe and the purchase is returned during the eligible timeframe, no sales tax is due on the new item if the item is purchased during the eligible timeframe.

The bill provides a 60-day period that begins immediately after the exemption period for returns of items that would qualify for the sales tax exemption. When a customer returns an item that would qualify for the sales tax exemption, no credit for or refund of sales tax will be made without a receipt or invoice that shows the tax was paid.

The 60-day period is solely to designate a time period during which a customer is required to provide documentation that shows sales tax was paid on the returned merchandise. It is not intended to change a seller's policy on the period of time they will accept returns.

The bill has the Emergency Clause.

Disposition at Sine Die:

LB 410 was not advanced from committee and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LB 429 (Wayne) Change tax provisions for cigars, cheroots, and stogies

Introduced Version:

LB429 proposes to tax cigars, cheroots and stogies at 20% of the purchase price of the cigars, cheroots, or stogies paid by the first owner; or the price at which a first owner who made, manufactured, or fabricated the cigars, cheroots, or stogies sells the items to others. The maximum tax imposed shall be 50 cents for each cigar, cheroot, or stogie.

The bill has an operative date of October 1, 2019.

Disposition at Sine Die:

LB 429 was not advanced from committee and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LB 441 (McCollister) Change provisions relating to certain sales and use tax refund deductions and applicability to municipalities as prescribed

Introduced Version:

The bill creates notification requirements and delays refund payments by metropolitan and primary class cities for refunds claimed under the Employment and Investment Growth Act and the Nebraska Advantage Act. These provisions are similar to those currently in statute for first and second class cities and villages except as noted below.

The Department of Revenue is required to notify such cities by March 1, 2020 and every March 1 thereafter if a refund will exceed \$1,500. The refund amount will be for the calendar year following the year of notification. The Department will deduct the refund over the course of this year in equal monthly amounts.

TECHNICAL NOTE: The last sentence of the new language states that these requirements only apply when the refund amount exceeds \$1 million. This directly conflicts with the language at the beginning of the section that imposes these requirements when the refund exceeds \$1,500. Further, the new language does not state the effective date for these requirements. The existing provisions for first and second class cities specifies that the requirements apply to refunds beginning January 1, 2014.

Finally, the new language states that the equal monthly amounts are to be deducted beginning after the one-year notification period. There is no one-year notification period specified in the bill.

Disposition at Sine Die:

LB 441 was not advanced from committee and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LB 456 (Lathrop) Provide a sales and use tax exemption for certain machinery and equipment used to produce electricity

Introduced Version:

The bill would add a new provision to the sales and use tax exemption for machinery and equipment. Machinery or equipment using one or more sources of renewable energy for the production of electricity would be exempt from sales and use tax. Machinery or equipment used to store the electricity would also be exempt.

Renewable energy is defined to include, but is not limited to, wind, solar, geothermal, hydroelectric, biomass and transmutation of elements.

The operative date is set as October 1, 2019.

Disposition at Sine Die:

LB 456 was not advanced from committee and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LB 472 (Dorn) Adopt the Qualified Judgment Payment Act, authorize a sales and use tax, and require a property tax levy

Introduced Version:

LB472 proposes to create the Qualified Judgment Payment Act (Act). A qualified judgment is defined as a judgment rendered against a county by a federal court for a violation of federal law.

Upon the adoption of resolution by at least 67% of the county board, the county may impose a sales tax of .5% on qualified sales to pay a qualified judgment. The county shall furnish a certified copy of the resolution imposing the tax to the Tax Commissioner. The sales tax receipts shall be used to pay the qualified judgment. The tax shall begin on the first day of the first calendar quarter which begins at least 60 days after receipt by the Tax Commissioner of the certified copy of the resolution. A county shall not impose a sales tax pursuant to the Qualified Judgment Payment Act if the county is imposing a tax to finance public safety services or funds under an agreement pursuant to the Interlocal Cooperative Act or Joint Public Agency Act.

The sales tax shall terminate on the first day of the first calendar quarter which begins after the qualified judgment has been paid in full. The county shall notify the Tax Commissioner of the anticipated termination date at least 120 days in advance.

The Tax Commissioner shall administer all sales tax imposed pursuant to this Act. The Tax Commissioner shall collect the sales tax concurrently with collection of the state sales tax in the same manner as the state tax is collected. The Tax Commissioner may prescribe forms and adopt and promulgate rules and regulations. The Tax Commissioner shall provide at least 30 days' notice of the adoption of the tax to retailers within the county. Such notice may be provided through the web site of the Department of Revenue or by other electronic means.

The Tax Commissioner shall remit monthly the proceeds of the tax to the county after deducting the amount of refunds made and retaining 3% of the remainder as an administrative fee. All receipts from the 3% administrative fee shall be deposited in the General Fund.

Upon any claim of illegal assessment and collection of any sales and use tax imposed pursuant to this Act, the taxpayer has the same remedies provided for claims of illegal assessment and collection of the state sales and use tax.

Beginning January 1, 2021, the sale of any motor vehicle or trailer operated by a public power district shall be sourced to the place where the motor vehicle or trailer has situs.

Disposition at Sine Die:

LB 472 was advanced to General File. LB 472 was passed on Final Reading, 43-6-0, and was returned by Governor without approval on April 24, 2019. LB 472 passed notwithstanding objections of the Governor, 41-8-0.

LB 507 (Briese) Impose sales tax on certain services and eliminate sales tax exemptions

Introduced Version:

The bill imposes sales and use tax on the following services:

- Motor vehicle detailing;
- Pet-related services;
- Cleaning of tangible personal property;
- Storage and moving services;
- Investment advice;
- Personal care services including hair care, nail services, spa services, and tattoo services;
- Maintenance, painting, repair, and interior decoration for single-family housing;
- Limousine, taxi, ride-sharing, and other transportation;
- Travel agents and tour operators;
- Lawn care, gardening, and landscaping;
- Parking;
- Swimming pool cleaning and maintenance;
- Dating and escorts;
- Instruction in music, dance, golf, and other recreational activities;
- Custom meat slaughtering;
- Legal, accounting, and tax preparation services “other than in furtherance of a for-profit business enterprise;”
- Tanning;
- Architectural for single-family housing;
- Telefloral delivery;
- Contractor labor for any major addition, remodeling, restoration, repair, or renovation of owner-occupied residential housing;

- Wedding planning;
- Shoe shining;
- Weight loss;
- Personal training;
- Massage, except when prescribed by a licensed health care professional;
- Interior design;
- Clothing alteration; and
- Plumbing.

The bill repeals the following sales and use tax exemptions;

- Prepared food and food and food ingredients served by public or private schools, school districts, student organizations, or parent teacher associations pursuant to an agreement with the proper school authorities, in an elementary or secondary school or at any institution of higher education, public or private, during the regular school day or at an approved function of any such school or institution;
- Fees and admissions charged for political events by ballot question committees, candidate committees, independent committees, and political party committees as defined in the Nebraska Political Accountability and Disclosure Act;
- Fees and admissions charged by a public or private elementary or secondary school and fees and admissions charged by a school district, student organization, or parent-teacher association, pursuant to an agreement with the proper school authorities, in a public or private elementary or secondary school during the regular school day or at an approved function of any such school;
- Fees and admissions charged for participants in any activity provided by a nonprofit organization that is exempt from income tax under section 501(c)(3) of the Internal Revenue Code of 1986, as amended, which organization conducts statewide sport events with multiple sports for both adults and youth;
- Fees and admissions charged for participants in any activity provided by a nonprofit organization that is exempt from income tax under section 501(c)(3) of the Internal Revenue Code of 1986, as amended, which organization is affiliated with a national organization, primarily dedicated to youth development and healthy living, and offers sports instruction and sports leagues or sports events in multiple sports;
- Soft drinks, candy or bottled water;
- Food sold by fraternities, sororities, dormitories, boarding houses, retirement communities, and other residential facilities where food is provided by the facility as part of the agreement for occupancy;
- Leased property sold to a lessee of that property under an agreement whereby certain rental payments are credited against the purchase price of that property;

- Sales and purchases of electricity, coal, gas, fuel oil, diesel fuel, tractor fuel, propane, gasoline, coke, nuclear fuel, butane, wood as fuel, and corn as fuel when more than fifty percent of the amount purchased is for use directly in irrigation or farming;
- Sales and purchases of such energy sources or fuels when more than fifty percent of the amount purchased is for use directly in processing, manufacturing, or refining, in the generation of electricity, in the compression of natural gas for retail sale as a vehicle fuel, or by any hospital, including the drying and aerating of grain in commercial agricultural facilities;
- Sales and purchases of water used for irrigation of agricultural lands and manufacturing purposes;
- State Lottery tickets;
- The use of a prepaid calling service or a prepaid wireless calling service;
- Property as defined in subdivision (8) of section [51-702](#) or fine art by any museum as defined in subdivision (6) of section [51-702](#);
- Historic automobile museums;
- Currency or bullion; and
- Membership or admission to or purchases by a zoo or aquarium.

The net increase in state tax revenue under the bill is to be determined annually by the Tax Commissioner and credited to the Property Tax Credit Cash Fund. The bill is operative on January 1, 2020.

Disposition at Sine Die:

LB 507 was not advanced from committee and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LB 508 (Briese) Impose sales and use taxes on certain services, eliminate sales tax exemptions, and use the increased revenue for property tax credits.

Introduced Version:

LB508 is very similar to LB507, only smaller in scale. Of the 28 services added to the sales tax base under LB507, LB 508 adds 16 of the same services. Personal care services in general are taxed under LB507 while only hair care is taxed under this same category in LB508.

Of the 17 sales tax exemptions that are repealed under LB507, only 8 are repealed under LB508. LB507 repeals the exemption for soft drinks, candy and bottled water while LB508 does not repeal the exemption for bottled water.

LB508 also directs any net increase in revenue to the Property Tax Credit Cash Fund and has the same operative date of January 1, 2020.

Disposition at Sine Die:

LB 508 was not advanced from committee and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LB 585 (Friesen) Create the Renewable Fuel Infrastructure Program and provide for grants

Introduced Version:

The bill creates the Renewable Fuel Infrastructure Program. The program will be administered through the State Energy Office (NOTE: LB302 which merges the Energy Office with the Department of Environmental Quality was approved by the Governor on March 21, 2019). Grants would be distributed for eligible infrastructure projects at retail motor fuel sites to install, replace, or convert ethanol infrastructure. The office is authorized to approve up to \$1 million in grants in any calendar year.

To be eligible for a grant, a person must be an owner or operator of a retail motor fuel site. Eligible projects must be designed and used exclusively to store and dispense E-15 or E-85 or a blend of ethanol and gasoline. The project must be on the premises of a retail motor fuel site and the project must be a cost-share project.

Cost-share project means a grant that shall not exceed 50% of the estimated cost or \$30,000, whichever is less, for a 3-year cost-share agreement or 70% of the estimated costs or \$50,000, whichever is less, for a 5-year cost-share agreement.

Successful applicants must comply with federal and state standards governing new or upgraded motor fuel storage tanks for renewable fuels and such tanks shall not be used for anything other than renewable fuels unless a waiver is granted by the office.

\$1 million is appropriated to the Renewable Fuel Infrastructure Fund. No more than 10% of the funds may be used for administrative purposes.

The operative date is January 1, 2020.

Committee Amendment: AM 953 – adopted

The amendment clarifies that the grants are for blends higher than E-15 and that the Energy Office award grants to the maximum number of qualified applicants.

The amendment removes the elimination of the sales tax exemption for currency and bullion which was intended to cover the costs of the program.

Disposition at Sine Die:

LB 585 was advanced to General File with AM 953. LB 585 was passed on Final Reading, 49-0-0, and was approved by the Governor on May 08, 2019.

LB 614 (Crawford) Change revenue and taxation provisions

Introduced Version:

LB614 makes numerous significant changes to the state tax structure as follows:

Sections 1 and 2 – Increases the excise tax on alcohol and spirits from \$3.75 per gallon to \$8.02;

Section 3 through 7 – Repeal the personal property tax exclusion for the first \$10,000 of value effective January 1, 2020’

Section 8 – Increases the cigarette excise tax from \$0.64 per pack to \$2.14 and diverts \$1.50 to the Property Tax Credit Cash Fund beginning January 1, 2020;

Section 9 – Imposes sales tax on candy, soft drinks, and bottled water;

Section 10 – Increases the Earned Income Tax Credit from 10% of the federal credit to 15% for taxable years beginning or deemed to begin on or after January 1, 2020;

Section 11 – Repeals the Special Capital Gains and Extraordinary Dividends exclusion for taxable years beginning or deemed to begin on or after January 1, 2020;

Section 12 and 14 – Repeal the special apportionment for S Corporation and Limited Liability Companies and requires resident shareholders or members to include their entire share of income in Nebraska taxable income for taxable years beginning or deemed to begin on or after January 1, 2020;

Section 13 – Repeals the use of itemized deductions except those for medical and dental expenses for taxable years beginning or deemed to begin on or after January 1, 2020;

Section 15 – Introduces the Tax Equity and Educational Opportunities Support Act (TEEOSA).

Section 16 – Amends the definitions used in TEEOSA to add the property tax relief allowance to adjusted general fund operating expenditures.

Section 17 - Increases the allocated income tax funds from 2.23% to 20% of a school district’s income tax liability. This increase will begin for school fiscal year 2019-20 and each school fiscal year thereafter.

Section 18 – Creates supplemental state aid beginning in school fiscal year 2019-20 and each school fiscal year thereafter. The mount will equal .0433% of statewide average general fund operating expenditures and will be distributed based on formula students. Supplemental state aid will be included in calculation of formula resources.

Beginning in school fiscal year 2019-20 and each school fiscal year thereafter, a property tax relief allowance equal to the supplemental state aid amount will be included in the calculation of formula needs.

Section 19 – Adds the property tax relief allowance to the calculation of formula needs.

Section 20 – Adjusts the calculation of formula resources beginning with school fiscal year 2019-20 and each school fiscal year thereafter to include the sum of other actual receipts, net option funding, allocated income tax funds, community achievement plan aid and supplemental state aid minus the amounts paid by the district in the most recently available complete data year as property tax refunds.

Section 21. – For school fiscal year 2018-19 and thereafter, NDE will reimburse at least 80% of total excess allowable costs for all special education (SPED) programs and support services. The current rate of reimbursement is approximately 47%. If the appropriation exceeds 80% of the total excess allowable costs, the reimbursement percentage shall be calculated based on the ratio of the appropriation to the aggregate total excess allowable costs for all SPED programs and support services.

Section 22 – Provides the appropriation for SEPDP programs and support services beginning in fiscal year 2019-20 and thereafter shall not be less than 80% of the total excess allowable costs plus the amount set aside for reimbursement of residential settings.

Section 23 – Another budget summary is created for school districts and educational service units. Before the budget for the ensuing fiscal year can be approved, the board shall publish a budget summary that includes the following

- The percentage of the budget that comes from federal sources.
- The percentage of the budget that comes from state sources.
- The percentage of the budget that comes from local sources.
- Any budgeted reductions or additions to staff, programs, or services.
- Provide a reasonable estimate and description of all current and future cost savings the school district or educational service unit will realize if the proposed budget were to be adopted.

The budget summary will be required to be published at least three days prior to the hearing. Electronic publication on the web site of the school district or educational service unit shall satisfy the requirement for publication if the electronic publication is prominently displayed and allows public access to the entire summary.

The penalty for not publishing this budget summary will be the withholding of TEEOSA or core services and technology infrastructure funds and all funds held by the county treasurer until the school district or educational service unit complies with publishing this budget summary. If the board does not comply with this section prior to October 1 following the school fiscal year for which the state aid or core services and technology infrastructure funding was calculated, the funds shall revert to the General Fund.

The bill contains the Emergency Clause.

Disposition at Sine Die:

LB 614 was not advanced from committee and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LB 810 (McCollister) Impose sales tax on bottled water, candy, and soft drinks

Introduced Version:

LB810 will impose sales tax on candy, pop, and bottled water. The definitions for candy, pop and bottled water found in the Streamlined Sales and Use Tax Agreement are used in the bill.

The Governor is allowed to stay the collection of sales tax on bottled water for a 60-day period for any area of the state affected by a disaster, emergency, or civil defense emergency.

The increase in sales tax revenue generated by taxing candy, pop, and bottled water is to be credited to the Nebraska Health Care Cash Fund. The amount will be determined annually by the Tax Commissioner.

The bill has an operative date of October 1, 2020.

Disposition at Sine Die:

LB 810 was not advanced from committee and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LB 923 (Lindstrom) Change sales tax provisions relating to gross receipts

Introduced Version:

LB923 defines electric generation, transmission, distribution, and street lighting structures or facilities owned by an electrical cooperative or an electric membership association to be excluded from tangible personal property that is subject to sales or use tax.

The bill becomes operative on July 1, 2020.

LB923 has the Emergency Clause.

Disposition at Sine Die:

LB 923 was advanced to General File. LB 923 was passed on Final Reading with Emergency Clause, 48-0-1, and was approved by the Governor on August 15, 2020.

LB 946 (Briese) Change the sales tax rate and impose sales tax on additional services

Introduced Version:

Under Nebraska's sales and use tax statutes, all retail sales of tangible personal property are subject to tax unless specifically exempted. Services, which by definition are intangible, are presumed exempt from tax unless specifically enumerated as taxable.

The bill would reverse the presumption of exemption for services. Services would now be presumed to be taxable, just like retail sales of tangible personal property, unless they are specifically exempt.

“Service” is defined to include:

All activities that are engaged in for other persons for a consideration and that involve predominately the performance of a service as distinguished from selling or leasing tangible personal property. The term does not include services rendered by an employee to his or her employer. In determining what a service is, the intended use, principal objective or ultimate objective of the contracting parties shall not be controlling.

The definition of “seller” is amended to include every person engaged in the business of providing services.

The bill reduces the rate of the sales and use tax from 5.5% to 4% beginning October 1, 2021. On each of the following calendar quarters, the Tax Commissioner is to adjust the rate to a rate that is estimated to generate approximately the same amount of revenue as if the changes in the bill had not been enacted.

The bill has an operative date of October 1, 2021.

Disposition at Sine Die:

LB 946 was not advanced from committee and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LB 987 (Pansing Brooks) Impose sales and use tax on dating and escort services and provide for the use of the revenue

Introduced Version:

LB987 would add the income from dating and escort services to the definition of gross receipts. This makes the service subject to sale and use tax. The revenue generated by taxing this service shall be credited to the Human Trafficking Victim Assistance Fund.

The bill has an operative date of October 1, 2020.

Disposition at Sine Die:

LB 987 was not advanced from committee and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LB 989 (Wayne) Impose sales and use taxes on digital advertisements

Introduced Version:

LB989 would add the retail sale of digital advertisements to the definition of gross receipts. Digital advertisements would be subject to sales tax.

Digital advertisements are defined to mean an advertising message delivered over the internet that markets or promotes a particular good, service, or political candidate or message.

The bill has an operative date of October 1, 2020.

Disposition at Sine Die:

LB 989 was not advanced from committee and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LB 1033 (Friesen) Change the distribution of sales tax revenue and authorize the use of funds for certain infrastructure projects

Introduced Version:

LB1033 creates the Department of Transportation Aeronautics Capital Improvement Fund. All sales and use tax imposed on the sale or lease of aircraft will be credited to the Department of Transportation Aeronautics Capital Improvement Fund. Any money in the fund will be invested by the state investment officer.

The fund is to be used to build, repair, renovate, rehabilitate, restore, modify or improve any infrastructure under the authority and administration of the Division of Aeronautics of the Department of Transportation.

The bill has the Emergency Clause.

Committee Amendment: AM 2187 – pending

The amendment allows any public use airport licensed by the state to be eligible to receive funds rather than just those under the authority and division of aeronautics.

Disposition at Sine Die:

LB 1033 advanced to General File with AM 2187. LB 1033 did not advance from General File and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LB 1070 (Murman) Change a sales tax exemption relating to agricultural machinery and equipment

Introduced Version:

LB1070 adds header trailers, head haulers, and header transports to the definition of agricultural machinery and equipment that is excluded from sales and use tax.

Header trailers are specific equipment for moving only combine heads from one field to another and cannot be used for other purposes.

The bill has an operative date of October 1, 2020.

Committee Amendment: AM 2236 - pending

The amendment adds "seed tender trailers" to the exemptions.

Disposition at Sine Die:

LB 1070 was advanced to General File with AM 2236. LB 1070 did not advance from General File and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LB 1106 (Scheer) Eliminate obsolete sales tax provisions

Introduced Version:

The bill strikes outdated language regarding the sales tax rate of five percent that only applied through July 1, 1998.

Committee Amendment: AM 2870 - pending

The Personal Property Tax Relief Act is repealed beginning with tax year 2020.

The taxable valuation for residential, commercial/industrial & centrally assessed valuation for school district and multiple-district school systems is reduced over a 3 year period by the following percentages:

- 2020 to 95% of actual value
- 2021 to 91% of actual value
- 2022 and thereafter to 87% of actual value

The taxable valuation for agricultural, horticultural and special valuation for school district and multiple-district school systems is reduced over a 3 year period by the following percentages:

- 2020 to 65% of actual value
- 2021 to 60% of actual value
- 2022 and thereafter to 55% of actual value

Taxes levied by school districts and multiple-district school systems means property taxes levied by any school district or multiple-district school system on real or personal property

Changes the valuation for historically significant real property for the four years after the expiration of the 8-year historic preservation certification of rehabilitation to be assessed value rather than actual value.

The statutory maximum tax rate for school districts through school fiscal year 2022-23 is \$1.05 per \$100 of taxable valuation.

Beginning with school fiscal year 2023-24, each school district will have its own statutory maximum levy. The statutory maximum levy will be 5 cents per \$100 of taxable valuation plus the local effort rate of \$1.00 or the calculated local formula contribution.

A levy exclusion is added to allow a school board to levy up to 100% of the positive difference between the January estimate of State Aid and the certification of State Aid. The levy exclusion will begin for 2021-22 and thereafter and will require a supermajority vote of the elected board to access the levy exclusion. The levy exclusion may only be accessed if the changes in State Aid are due to short-term adjustments by the Legislature.

The levy exclusion for the special building fund is adjusted to reflect the new language in Section 79-10,120.

- Allows schools with projects commenced prior to the date of this act and schools participating in a joint public agency to exceed 14 cents to generate the amount need to fund their annual payment.
- Schools with projects commenced after the date of this act will have a levy exclusion in the amount of the projects minus the amount generated by 6 cents.

School districts that have passed a levy override election prior to the effective date of this act will have access to a levy exclusion for the 5-year period of the levy override. The amount of the exclusion will be an amount equal to the loss of revenue due to a statutory change in school district property valuations in 77-201 that occurred after the passage of a levy override election.

The base limitation (basic allowable growth rate or BAGR) for school districts for 2019-20 and each school fiscal year thereafter shall be 2.0%.

The acceptable ranges for agricultural, horticultural, and special valuation will be reduced over the 3-year period to:

- 2020 to 59% to 65%
- 2021 to 54% to 60%
- 2022 and thereafter to 49 to 55%

The acceptable ranges for residential, commercial & industrial, and centrally assessed valuation will be reduced over the 3-year period to:

- 2020 to 87% to 95%
- 2021 to 83% to 91%
- 2022 and thereafter to 79% to 87%

Acceptable ranges are the percentage of variation from a standard for valuation as measured by an established indicator of central tendency of assessment.

The definitions section of the Tax Equity and Educational Opportunities Support Act (TEEOSA), section 79-1003, are amended to:

- Repeal obsolete language from adjusted general fund operating expenditures.

- Adds new language to adjusted valuation to reference the local effort rate (LER) or the local formula contribution beginning in 2023-24.
- Adjusts general fund operating expenditures (GFOE) beginning in 2021-22 and thereafter will not include the receipt of funds due to the levy exclusion for additional TEEOSA Aid. Harmonizes the language referencing the receipts from levy override (special election, vote of people) with new levy limit.
- Defines the local formula contribution is a calculation for determining the local yield that will be included in formula resources.

The allocated income tax component of TEEOSA Aid is repealed with the 2019-20 certification of TEEOSA Aid.

Foundation Aid is a new component of TEEOSA Aid that will replace allocated income tax. Foundation Aid is added to local system formula resources for school fiscal year 2020-21 and each year thereafter.

Foundation Aid for the 2020-21 certification of TEEOSA Aid will be calculated based on a school district's fall membership count and 5% of the net income tax collections, net corporate tax collections and the net state sales use tax collections for calendar year 2018 divided by the statewide fall membership count.

Foundation Aid for the 2021-22 certification of TEEOSA Aid will be calculated based on a school district's fall membership count and 10% of the net income tax collections, net corporate tax collections and the net state sales and use tax collections for the most recently completed calendar year divided by the statewide fall membership count.

Foundation Aid for the 2022-23 certification of TEEOSA Aid and thereafter will be calculated based on a school district's fall membership count and 15% of the net income tax collections, net corporate tax collections and the net state sales and use tax collections for the most recently completed calendar year divided by the statewide fall membership count.

The fall membership count of students will be replaced with the average daily membership count of students for the final recalculation of TEEOSA Aid in all school fiscal years.

Beginning in school fiscal year 2022-23 and each year thereafter, if the calculation of foundation aid is not equal to or great than 15% of the basic funding calculated for the system, foundation aid shall be increased to equal 15% off such basic funding.

For the calculation of Foundation Aid, the income tax collections, corporate income tax collections, and sales and use tax collections will be based on a calendar year. The Tax Commissioner shall certify these amounts to the Department of Education on or before April 15, 2020 for the calculation of aid for school fiscal year 2020-21 and on or before November 1 for each year thereafter.

The last school fiscal year for the averaging adjustment component of TEEOSA Aid is 2019-20.

The calculation of net option funding for school fiscal years 2019-20 and 2020-21 will be calculated using the net number of option students multiplied by the statewide average basic funding per formula student.

For school fiscal year 2021-22 net option funding will be \$8,000 per student.

For school fiscal year 2022-23 and thereafter net option funding will be calculated using the net number of option students multiplied by the statewide average general fund property taxes per formula student.

The calculation of statewide average general fund property taxes per formula student is the sum of the receipts of the general fund property tax levies, the Property Tax Credit Cash Fund, homestead exemption reimbursement and personal property tax exemption reimbursements divided by the statewide formula students. The receipts are from the most recently available complete data year and the students are from the school fiscal year for which aid is being calculated.

For school fiscal year prior to 2023-24, local system formula resources includes the yield from the local effort rate (LER).

Local effort rate yield is the LER of \$1.00 per \$100 of adjusted valuation.

For school fiscal year 2023-24 and thereafter, local system formula resources include the local formula contribution. For school fiscal year 2023-24 and thereafter, the local formula contribution shall be the lesser of the local effort rate yield or the new growth yield.

The new growth yield for 2023-24 is the sum of the local effort rate yield for the school fiscal year immediately preceding the school fiscal year for which aid is being calculated adjusted by 2% plus the local system's adjusted valuation for the total real property growth value multiplied by a local effort rate of \$1.00 per \$100 of adjusted valuation.

The new growth yield for 2024-25 and each school fiscal year thereafter is the sum of the local formula contribution for

the school fiscal year immediately preceding the school fiscal year for which aid is being calculated adjusted by 2% plus the local system's adjusted valuation for the total real property growth value multiplied by a local effort rate of \$1.00 per

\$100 of adjusted valuation.

Beginning in 2022, the county assessor will certify to the Property Tax Administrator the total taxable value by school district and the total real property growth value by school district.

Beginning in 2022, the Property Tax Administrator shall compute and certify to the Department of Education the adjusted valuation for each class of property and the total real property growth value in each school district.

The adjusted valuation percentages for TEEOSA Aid purposes for residential, commercial & industrial, and centrally assessed valuation are:

- 2020-21 to 91%
- 2021-22 to 87%
- 2022-23 & thereafter to 83%

The adjusted valuation percentages for TEEOSA Aid purposes for agricultural, horticultural, and special valuation are:

- 2020-21 to 62%
- 2021-22 to 57%
- 2023-24 and thereafter to 52%

The certification date for 2020-21 TEEOSA Aid and each year thereafter is harmonized with LB880E (2020 Session) and moved from March 1, 2020 to May 1, 2020.

On or before May 1, 2020 and on or before March 1, of each year thereafter, for the purpose of calculating the levy exclusion pursuant to section 77-3442(2)(d)(vii), the department shall provide an estimate of aid without any short-term adjustment by the Legislature.

Such estimate shall equal the amount that would have been certified pursuant to this section for the immediately following school fiscal year using the inflation rate certified by the Tax Commissioner without any short-term adjustments and all other components of TEEOSA as such act existed on May 1, 2020.

Short-term adjustment is defined to mean a change passed by the Legislature with a defined period of applicability.

The certification date for 2020-21 budget authority and 2020-21 applicable allowable reserve percentage is harmonized with LB880E (2020 Session) and moved from March 1, 2020 to May 1, 2020.

For 2020-21 only, budget authority will be calculated as the lesser of:

- The greater of budgeted general fund expenditures for the immediately preceding school fiscal year minus exclusions grown by the basic allowable growth rate for the school fiscal year of the budget authority calculation; or
- The budgeted general fund expenditures for the immediately preceding school fiscal year minus exclusions grown by the basic allowable growth rate for the school fiscal year of the budget authority calculation; or
- 110% of the formula need for the school fiscal year of the budget authority calculation, minus the budgeted special education expenditures as filed with the budget on September for the immediately preceding school fiscal year grown by the basic allowable growth rate for the school fiscal year of the budget authority calculation; or
- The greater of actual general fund expenditures for 2018-19 minus any exclusions increased by 10 percent; or
- The actual general fund expenditures for 2018-19 minus exclusions increased by 2.0% then increased by the student growth adjustment; or
- 110% of 2020-21 formula need minus actual special education expenditures for 2018-19 grown by 2.0%.

The basic allowable growth rate is to be used for school fiscal year 2019-20 and each school fiscal year thereafter will be 2%.

Beginning with school fiscal year 2020-21, unused budget authority shall not include any unused budget authority from school fiscal years prior to school fiscal year 2020-21.

A board of education may increase the special building fund levy to 14 cents per \$100 of taxable value with a majority vote of the people. The increased levy shall not exceed a term of 10 years.

Prior to the effective date of this Act, a school board may levy a maximum of 14 cents per \$100 of taxable value in the special building fund.

On and after the effective date of this Act, the maximum levy in the special building fund shall be 12 cents for 2020-21,

10 cents for 2021-22, 8 cents for 2022-23 and 6 cents for 2023-24 and each school fiscal year thereafter. The tax rate is applied to each \$100 of taxable valuation. The special building fund tax is part of the statutory maximum levy limit.

On and after the effective date of this Act, a school board may only erect, purchase, or enter into a lease-purchase agreement for a new school building or an addition to a school building after a vote of the people. The maximum tax rate is 14 cents per \$100 of taxable valuation. The levy shall be within the statutory maximum levy limit.

The school board or board of education of any school district, or any joint public agency that has been delegated the authority to tax, may continue an annual tax established prior to the effective date of this Act through school fiscal year

2028-29 for any lease-purchase project commenced prior to the effective date of this Act.

The annual tax shall not exceed the amount needed to annually fund such lease-purchase project through school fiscal year 2028-29. The proceeds of any such annual tax shall only be used for the lease-purchase project for which the tax was levied. Commenced is defined to mean any action taken by the school board on the record which commits the board to expend district funds in planning, constructing, or carrying out the lease-purchase project.

Any tax authorized under this subsection may exceed fourteen cents on each one hundred dollars of taxable value when combined with all other taxes imposed pursuant to this section.

Transition Aid will be provided to school districts that have combined general fund and special building fund levies of

\$1.05 or greater and has a percent change in school district revenue that is greater than 0% for school fiscal year

2020-21, 1% for school fiscal year 2021-22, and 2.5% for 2022-23. The Department of Education will calculate, certify and distribute Transition Aid.

Percent change in school district revenue is defined as the change in school district revenue for a given school fiscal year divided by the school district revenue for the school fiscal year immediately preceding the given school fiscal year.

School district revenue means the sum of the calculated property tax request and the state aid for a single school fiscal year.

Calculated property tax request for 2020-21 is defined as an amount equal to the taxable valuation of property subject to the general fund levy of the school district for the school fiscal year for which the calculated property tax request is being determined multiplied by the total general fund and special building fund levies for such school fiscal year.

Calculated property tax request for 2021-22 and 2022-23 means an amount equal to the taxable valuation of property subject to the general fund levy of the school district for the school fiscal year multiplied by \$1.05 per \$100 of taxable value.

The change in school district revenue means any positive difference resulting from subtracting the school district revenue for a given school fiscal year from the school district revenue for the school fiscal year immediately preceding the given school fiscal year.

State aid is defined as the amount of aid calculated and certified for the school fiscal year pursuant to TEEOSA without any adjusted pursuant to section 79-1065.

Transition Aid for 2020-21 will equal 100% of the change in school district revenue for school district revenue for school fiscal year 2020-21.

Transition aid for 2021-22 will equal 75% of the difference of the change in school district revenue for school fiscal year

2021-22 minus 1% of the school district revenue for school fiscal year 2020-21.

Transition Aid for 2022-23 will equal 50% of the difference of the change in school district revenue for school fiscal year

2022-23 minus 2.5% of the school district revenue for school fiscal year 2021-22.

Transition Aid will be paid in 10 equal payments beginning on the last business day of September through the last business day in June. If Transition Aid is less than \$10,000), Transition Aid shall be paid in a lump sum on the last business day in September.

The Property Tax Transition Aid Cash Fund is created to be used exclusively for the disbursement of Transition Aid.

The bill has the Emergency Clause.

Disposition at Sine Die:

LB 1106 was advanced to General File with AM 2870. LB 1106 did not advance from General File and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LB 1109 (Chambers) Provide a sales tax exemption for the furnishing of water service

Introduced Version:

LB1109 exempts the furnishing of water or water service from sales and use taxes.

The bill has an operative date of October 1, 2020.

Disposition at Sine Die:

LB 1109 was not advanced from committee and was indefinitely postponed with the end of the legislative session on August 13, 2020.

Tax Credits and Incentives

LB 5 (Blood) Change the Beginning Farmer Tax Credit Act

Introduced Version:

The bill amends the Beginning Farmer Tax Credit Act by creating a slightly increased credit if the beginning farmer or livestock producer is a veteran.

For cash rent agreements the credit would be 11 percent of gross rental income for veterans, 10 percent for all others. For share rent agreements the credit would be 15 percent of the cash equivalent of gross rental income for veterans, 16 percent for all others.

Veteran has the same meaning as in Section 48-225 which provides:

- (1) Servicemember means a person who serves on active duty in the armed forces of the United States except for training;
- (2) Veteran means:
 - i. A person who served full-time duty with military pay and allowances in the armed forces of the United States, except for training or for determining physical fitness, and was discharged or otherwise separated with a characterization of honorable or general (under honorable conditions); or
 - ii. The spouse of a veteran who has a one hundred percent permanent disability as determined by the United States Department of Veterans Affairs;
- (3) Full-time duty means duty during time of war or during a period recognized by the United States Department of Veterans Affairs as qualifying for veterans benefits administered by the department and that such duty from January 31, 1955, to February 28, 1961, exceeded one hundred eighty days unless lesser duty was the result of a service-connected or service-aggravated disability;
- (4) Disabled veteran means an individual who has served on active duty in the armed forces of the United States, has been discharged or otherwise separated with a characterization of honorable or general (under honorable conditions) therefrom, and has established the present existence of a service-connected disability or is receiving compensation, disability retirement benefits, or pension because of a public statute administered by the United States Department of Veterans Affairs or a military department; and
- (5) Preference eligible means any veteran as defined in this section or the spouse of a servicemember as defined in this section, except that for a spouse of a servicemember such preference is limited to the time during which the servicemember serves on active duty as described in subdivision (1) of this section and up to one hundred eighty days after the service member's discharge or separation from service.

The changes would be effective credits earned in tax years beginning or deemed to begin on and after January 1, 2020.

Disposition at Sine Die:

LB 5 was not advanced from committee and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LB 69 (M. Hansen) Provide income tax credits for caregivers as prescribed

Introduced Version:

The bill creates a new \$300 credit against individual income tax for caregivers who are qualified resident individuals which may be nonrefundable or refundable.

The nonrefundable credit is available to such individuals if:

- Federal AGI is more than 200% of federal poverty guidelines but not more than 400%;
- 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% of federal poverty guidelines.

The refundable credit is available to such individuals if:

- Federal AGI is not more than 200% of federal poverty guidelines; 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% of federal poverty guidelines.

The bill is operative for taxable years beginning or deemed to being on January 1, 2020.

Disposition at Sine Die:

LB 69 was not advanced from committee and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LB 88 (Wayne) Provide an income tax credit for certain purchases of a residence

Introduced Version:

The bill creates a new nonrefundable credit of \$5,000 against individual income tax for any resident individual who purchases a residence during the taxable year that is located in an area that has been designated “extremely blighted” under the Community Development Law:

(3) Blighted area means an area (a) which, by reason of the presence of a substantial number of deteriorated or deteriorating structures, existence of defective or inadequate street layout, faulty lot layout in relation to size, adequacy, accessibility, or usefulness, insanitary or unsafe conditions, deterioration of site or other improvements, diversity of ownership, tax or special assessment delinquency exceeding the fair value of the land, defective or unusual conditions of title, improper subdivision or obsolete platting, or the existence of conditions which endanger life or property by fire and other causes, or any combination of such factors, substantially impairs or arrests the sound growth of the community, retards the provision of housing accommodations, or constitutes an economic or social liability and is detrimental to the public health, safety, morals, or welfare in its present condition and use and (b) in which there is at least one of the following conditions: (i) Unemployment in the designated area is at least one hundred

twenty percent of the state or national average; (ii) the average age of the residential or commercial units in the area is at least forty years; (iii) more than half of the plotted and subdivided property in an area is unimproved land that has been within the city for forty years and has remained unimproved during that time; (iv) the per capita income of the area is lower than the average per capita income of the city or village in which the area is designated; or (v) the area has had either stable or decreasing population based on the last two decennial censuses. In no event shall a city of the metropolitan, primary, or first class designate more than thirty-five percent of the city as blighted, a city of the second class shall not designate an area larger than fifty percent of the city as blighted, and a village shall not designate an area larger than one hundred percent of the village as blighted. A redevelopment project involving a formerly used defense site as authorized under section 18-2123.01 shall not count towards the percentage limitations contained in this subdivision; Section 18-2103.

The residence must be the taxpayer's primary residence and may not have been purchased from a family member as defined on page 6 of the bill. No more than one credit may be claimed for a single residence and the credit may be carried forward until fully utilized. The credit may be recaptured if the taxpayer sells the residence or quits using it as their primary residence. The bill is operative for taxable years beginning or deemed to be on January 1, 2020.

Committee Amendment: AM 791 – pending

The amendment provides procedures for declaring an area extremely blighted.

Disposition at Sine Die:

LB 88 was amended into LB 86 with AM 1199. LB 86 was passed on Final Reading, 47-0-2, and was approved by the Governor on May 30, 2019.

LB 222 (Albrecht) Change the Volunteer Emergency Responders Incentive Act

Introduced Version:

LB222 would require the certification administrator of a county, city, village or rural or suburban fire protection district to provide each volunteer member with a notice of the number of points accumulated during the first 6 months of the calendar year. The accumulation of points is based upon the standard criteria for qualified active service. The notification will be provided no later than July 15 of each year.

The certification administrator shall provide each volunteer member with a written certification stating the total number of points accumulated by the volunteer member during the immediately preceding calendar year of service. The certification will indicate whether the volunteer member has qualified as an active emergency responder, active rescue squad member, or active volunteer firefighter for such year. This certification will be provided no later than February 1 of each year and may be sent electronically or by mail.

The certification administrator will file with the Department of Revenue, no later than February 15, a certified list of volunteer members who qualify for the tax credit. The volunteer member that qualifies for the tax credit will include a copy of the certification of eligibility to his or her income tax return.

LB222 has an operative date of January 1, 2020. I am not sure how this operative date fits within the new provisions of the bill to notify the volunteer member no later than July 15 of each year.

Committee Amendment: AM 424 – adopted

The amendment provides that the certification administrator shall also send a copy of the certified list to the governing body of the county, city, village or rural or suburban fire protection district in addition to sending it to the Department of Revenue

Disposition at Sine Die:

LB 222 was advanced to General File with AM 424. LB 222 was passed on Final Reading, 46-0-3, and was approved by the Governor on May, 01 2019.

LB 266 (Lindstrom) Change the School Readiness Tax Credit Act

Introduced Version:

LB266 expands the definition of eligible staff member for purposes of the Nebraska Early Childhood Professional Record System and the School Readiness Tax Credit Act. Self-employed individuals providing child care and early childhood education may be eligible for the School Readiness Tax Credit.

Additional language is added to LB 266 to provide for the distribution of the tax credit to a child care and education provider of a partnership, LLC, Subchapter S, an estate or trust.

LB266 has an operative date of on or after January 1, 2020.

Disposition at Sine Die:

LB 266 was advanced to General File. LB 266 passed on Final Reading, 47-0-2, and was approved by the Governor on August 17, 2020.

LB 272 (Morfeld) Adopt the Apprenticeship Training Program Tax Credit Act

Introduced Version:

The bill creates the Apprenticeship Training Program Tax Credit Act. It creates a nonrefundable income tax credit for employers participating in a qualified apprenticeship training program administered pursuant to 29 U.S.C. 50. Such a program must consist of at least 1,200 hours but not more than 8,000 hours of the on-the-job training, must be certified in accordance with regulations adopted by the U.S. Department of Labor and must be administered by trustees.

The credit is equal to \$1 multiplied by the total number of hours expected be worked during the following calendar year by apprentices, but cannot exceed \$2,000 per apprentice in any year or 50 percent of the total wages expected to be paid, whichever is less. The total program amount is capped at \$2.5 million per calendar year.

The credit is available against individual, corporate, and fiduciary income tax as well as the insurance premiums tax and may be carried forward until fully utilized. The Department of Revenue is to consider applications in the order they are received. Applications may be filed from November 1 to December 31 of each year.

The bill is operative for tax years beginning or deemed to begin on or after January 1, 2020.

Disposition at Sine Die:

LB 272 was not advanced from committee and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LB 310 (Vargas) Change procedures for tax credits under the Nebraska Job Creation and Mainstreet Revitalization Act

Introduced Version:

The bill amends the Nebraska Job Creation and Mainstreet Revitalization Act (“the Historic Tax Credit”). It would require the Department of Revenue to determine the expenses eligible for the credit and the amount of the credit and issue the certificates for the credit within 60 days after referral of the application for final approval to the Department by the State Historic Preservation Officer. The Department and the officer may agree to extend this deadline for no more than an additional 30 days.

If the Department fails to comply with any of these provisions, the credit is deemed to have been issued in the amount requested, but may not exceed 110% of the amount of credits allocated by the officer. This shall not increase or decrease the total amount of credits allocated in any calendar year.

Under current law, a denial of a request for final approval by the Department may be appealed under the Administrative Procedures Act. The bill would allow an appeal of any determination of eligible expenses or any calculation of the amount of the credit by the Department.

Currently, the total amount of credits that may be allocated by the officer in any calendar year is limited to \$15 million, of which \$4 million is to be reserved for applications seeking an allocation of credits of less than \$100,000.

The amount of the credit is equal to 20% of eligible expenditures up to a maximum credit of \$1 million per application and is nonrefundable.

Committee Amendment: AM 739 – pending

AM739 to LB310 adds a fee of .275% that will be paid by the developer. The fee is to offset the credit amount allowed under LB310. This should eliminate the Fiscal Note on the Green Copy of the Bill.

Disposition at Sine Die:

LB 310 advanced to General File with AM 739. LB 310 passed on Final Reading, 44-0-5, and was approved by the Governor on February 19, 2020.

LB 357 (Walz) Adopt the Direct Support Professional Tax Credit Act

Introduced Version:

The bill creates the Direct Support Professional Tax Credit Act. A direct support professional is defined as an individual who:

- Is employed by:
 - An organization that provides services to persons with developmental disabilities pursuant to a Medicaid home and community-based services waiver; or

- A non-state-operated intermediate care facility for persons with developmental disabilities; and
- Works directly with person with developmental disabilities.

The credit is in the amount of \$300 and is refundable. The individual's adjusted gross income may not exceed 400% of the federal poverty level for the most recently completed taxable year. The individual is also required to prove that they have worked for an eligible employer for an average of 20 hours per week for at least 6 consecutive months for the most recently completed taxable year.

The credit is capped at \$1.2 million per calendar year and the Department of Revenue may only accept applications during calendar years 2020 through 2024. The bill contains a claw back provision in the event of fraud and misrepresentation within 3 years from the end of the year in which the credit was claimed.

Disposition at Sine Die:

LB 357 was not advanced from committee and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LB 413 (Brandt) Change application submission deadlines under the Nebraska Advantage Act

Introduced Version:

LB413 proposes to terminate the Nebraska Advantage Act on December 31, 2019. All complete project applications filed on or before December 31, 2019 shall be considered and approved if the project and taxpayer qualify for benefits. Project agreements pending, approved, or entered into before December 31, 2019 shall continue in full force and effect.

Disposition at Sine Die:

LB 413 was not advanced from committee and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LB 417 (Friesen) Change application deadlines under certain tax incentive programs

Introduced Version:

LB417 proposes to

- Terminate the New Markets Job Growth Investment Act on the effective date of this Act.
- Terminate the Nebraska Advantage Rural Development Act on December 31, 2019.
- Terminate the Nebraska Job Creation and Mainstreet Revitalization Act after the effective date of this Act.
- Terminate the Beginning Farmer Tax Credit Act after the effective date of this Act.
- Terminate the Nebraska Advantage Act on December 31, 2019.

The bill has the Emergency Clause.

Disposition at Sine Die:

LB 417 was not advanced from committee and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LB 419 (Bolz) Change the Nebraska Advantage Act and create a fund and grant program

Introduced Version:

LB419 proposes to revise the eligibility criteria for employers to receive benefits under the Nebraska Advantage Act. Employees must be offered employer-provided health care benefits. Employees must be paid wages equal to at least 130% of the Nebraska average weekly wage for the year of the application.

This bill places a cap of the amount of credits available in a calendar year to \$60 million. The Tax Commissioner may continue to approve Nebraska Advantage applications after the limit is reached; however, the applications shall not include any credits as part of the allowed incentives.

LB419 would extend the date for applying for the Nebraska Advantage Act to December 31, 2026. The Nebraska Advantage Act is currently set to expire on December 31, 2020.

The definitions for average annual wage, the average wage of new employees, and the Nebraska average annual wage are repealed.

Any taxpayer qualified for a Tier 1, Tier 2, Tier 3, or Tier 4 project is entitled to a credit equal to a percentage based on the average wage of new employees and the number of new employees:

- 3% if the average wage of the new employees is at least 130% of the Nebraska average weekly wage for the year of the application.
- 4% if the average wage of the new employees is at least 145% of the Nebraska average weekly wage.
- 5% if the average wage of the new employees is at least 170% of the Nebraska average annual wage.
- 6% if the average wage of the new employees is at least 195% of the Nebraska average weekly wage.

Credits may be fully utilized except credits may not be carried over more than 4 years after the year in which the credit was earned. Currently credits for a Tier 1 or Tier 3 project may be carried over 9 years after the year of application; 14 years for a Tier 2 or Tier 4 project; or more than 16 years past the end of the entitlement period for a Tier 6 project.

The bill creates the Nebraska Advantage Deal-Closing Fund (Fund). The Fund will terminate on December 31, 2026. Intent language in the bill requires an appropriation of \$40 million each fiscal year. The Fund will be administered by the Department of Economic Development (DED). DED will retain .5% of all grants for administrative expenses to carry out the grant program.

Monies in the fund will be used to provide grants to taxpayers who have a signed agreement under the Nebraska Advantage Act and have met the required levels of employment and investment to qualify for incentives. The Department of Revenue will notify DED of each taxpayer that has met the requirements noted above.

Grants may be used for the following:

- Site and building development
- Customized job-training
- Capital investments related to the project

DED will determine the amount of each grant based on available funding and the likelihood the grant will lead to increased job creation and investment in the state.

The changes made by LB419 applies to all applications filed or after the effective date of this Act. All applications filed prior to the effective date of this Act will be governed by the provisions of the Nebraska Advantage Act as it existed immediately prior to such date.

Disposition at Sine Die:

LB 419 was not advanced from committee and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LB 437 (Linehan) Change application deadlines under the Nebraska Advantage Act

Introduced Version:

The bill is a placeholder with respect to the Nebraska Advantage Act.

Disposition at Sine Die:

LB 437 was not advanced from committee and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LB 535 (Cavanaugh) Prohibit employment discrimination by qualified businesses under the Nebraska Advantage Act

Introduced Version:

LB535 proposes to require any company participating in the Nebraska Advantage Act to not discriminate against any employee or applicant for employment because of race, color, religion, sex, disability, marital status, national origin, sexual orientation, or gender identify.

The non-discrimination clause will apply to all applications filed or after the effective date of this act. Applications filed prior to the effective date of this act will be governed by the provisions of the Nebraska Advantage Act as it existed immediately prior to such date.

Disposition at Sine Die:

LB 535 was not advanced from committee and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LB 542 (Lowe) Adopt the Firearm Safety Act and provide a tax credit

Introduced Version:

LB542 proposes to create the Firearm Safety Act (Act). Beginning on or after January 1, 2020, the bill provides a \$100 nonrefundable tax credit to an eligible taxpayer who successfully completes an approved

firearm safety course. Any unused credit may be carried forward. Only one credit is available to an eligible taxpayer every 5 years.

An eligible taxpayer is defined as an individual taxpayer who:

- Is at least eighteen years old
- Can lawfully purchase, own, and possess a firearm under local, state, and federal law;
- Has not been convicted of a felony under the laws of this state or under the laws of any other jurisdiction;
- Has not been convicted of a misdemeanor crime of violence under the laws of this state or under the laws of any other jurisdiction within 10 years immediately preceding the date on which the taxpayer filed his or her income tax return
- Has not been found in the 10 years immediately preceding the date on which the taxpayer filed his or her income tax return to be a mentally ill and dangerous person under the Nebraska Mental Health Commitment Act or a similar law of another jurisdiction
- Is not, at the time of filing his or her income tax return, adjudged to be mentally incompetent
- Has not been convicted of a violation of any law of this state relating to firearms, unlawful use of a weapon, or controlled substances or of any similar laws of another jurisdiction within the 10 years immediately preceding the date on which the taxpayer filed his or her income tax return
- Is not, at the time of filing his or her income tax return, on parole, probation, post-release supervision, house arrest, or work release.

The definition of an eligible taxpayer does not apply to any conviction under Chapter 37 or under any similar law of another jurisdiction, except for a conviction under section 37-509, 37-513, or 37-522 or under any similar law of another jurisdiction.

The Nebraska State Patrol (NSP) is responsible for preparing and publishing minimum training and safety requirements for approved firearm safety courses and instructors. NSP shall adopt rules and regulations to carry out the provisions of the Act.

The minimum safety and training requirements for an approved firearm safety course are listed below.

- Knowledge and safe handling of a firearm and ammunition, including how to properly and safely clean a firearm and clear a malfunction in a loaded firearm
- Safe firearm shooting fundamentals
- A demonstration of competency with a firearm with respect to the minimum safety and training requirements
- Knowledge of federal, state, and local laws pertaining to the purchase, ownership, transportation, and possession of firearms

- Knowledge of federal, state, and local laws pertaining to the use of a firearm, including, but not limited to, use of a firearm for self-defense and laws relating to justifiable homicide and the various degrees of assault
- Knowledge of ways to avoid a criminal attack and to defuse or control a violent confrontation
- Knowledge of proper storage practices for firearms and ammunition, including storage practices which would reduce the possibility of theft and accidental injury to a child
- Information on how to contact mental health resources

A person or entity seeking to conduct an approved firearm safety course and the course instructors shall be approved by the NSP before operation. The NSP will issue a certificate of approval.

A certificate of completion of an approved firearm safety course shall be issued by the person or entity conducting the course to persons successfully completing the course. The certificate of completion shall include certification from the instructor that the person completing the course does not suffer from a readily discernible physical infirmity that prevents the person from safely handling a firearm.

Completion of a course taken under the Act shall not be considered completion of a handgun training and safety course approved by the Nebraska State Patrol pursuant to section 69-2432.

Disposition at Sine Die:

LB 542 was not advanced from committee and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LB 560 (Geist) Change provisions relating to tax credits under the Beginning Farmer Tax Credit Act

Introduced Version:

LB560 proposes to address issues stated in a recent Performance Audit Committee on the Beginning Farmer Tax Credit Act.

The bill will limit a qualified beginning farmer or livestock producer to participate as a qualified beginning farmer or livestock producer in one 3-year rental agreement with an owner of agricultural assets. The limit on participation would not apply if the rental agreement is terminated prior to the end of the 3-year period through no fault of the qualified beginning farmer or livestock producer.

A qualified beginning farmer or livestock producer who is participating or has participated in a board approved and certified 3-year rental agreement shall not be eligible to file a subsequent application with the board. The qualified beginning farmer or livestock producer may refer to the board for additional support and participate in programs established or recommended by the board that are applicable to the continued success of such farmer or livestock producer.

A qualified beginning farmer or livestock producer in the first, second, or third year of a qualifying 3-year rental agreement shall be allowed a one-time refundable credit for the cost of participation in the financial management program required for eligibility under the Beginning Farmer Tax Credit Act. The amount of the credit shall be the actual cost of participation in an approved program incurred during the tax year for which the credit is claimed, up to a maximum of \$500 hundred dollars.

Except as otherwise disallowed under subsection (5) of this section, an owner of agricultural assets shall be allowed a refundable credit to state income tax liability of such owner for agricultural assets rented on a rental agreement basis. This includes cash rent of agricultural assets or cash equivalent of a share-rent rental, to qualified beginning farmers or livestock producers. Such asset shall be rented at prevailing community rates as determined by the board.

A credit may be granted to an owner of agricultural assets for renting agricultural assets, including cash rent of agricultural assets or cash equivalent of a share-rent agreement, to any qualified beginning farmer or livestock producer for a period of 3 years.

An owner of agricultural assets shall not be eligible for further credits under the Beginning Farmer Tax Credit Act and shall not be eligible for further participation with a qualified beginning farmer or livestock producer unless the rental agreement is terminated prior to the end of the 3-year period through no fault of the owner of agricultural assets.

Committee Amendment: AM 1414 – adopted

The amendment becomes the bill. It replaces LB560 with the provisions of LB623. Both bills addressed changes to the Beginning Farmer Tax Credit Act.

The amendment adds a definition of a cash rent agreement and clarifies that the credits issued are refundable. Qualified participants in an approved three-year rental agreement would be eligible to file subsequent applications for different assets.

Disposition at Sine Die:

LB 560 was advanced to General File with AM 1414. LB 560 passed on Final Reading, 46-0-3. LB 560 was approved by the Governor on May 17, 2019.

LB 605 (Lindstrom) Adopt the Renewable Chemical Production Tax Credit Act

Introduced Version:

LB605 proposes to create the Renewable Chemical Production Tax Credit Act (Act). The Department of Economic Development (DED) will be responsible for managing the application, certification and agreement with an eligible business.

A business may apply to DED for certification as an eligible business. Within 30 days after receiving a program certification application, DED shall certify the business as satisfying the conditions required of an eligible business, request additional information, or deny the program certification application.

If additional information is requested, DED shall certify the business or deny the program certification application within 30 days after receiving the additional information. If the director neither certifies the business nor denies the program certification application within 30 days after receiving the original program certification application or within 30 days after receiving the additional information requested, whichever is later, the program certification application is deemed approved if the business meets the requirements in subsection (3) of this section. A business that applies for program certification and is denied may reapply.

To be certified as an eligible business under the Act, a business shall meet all of the following requirements:

- The business produced at least 1 million pounds of renewable chemicals in this state during the calendar year for which tax credits are sought
- The business is physically located in this state
- The business organized, expanded, or located in this state on or after the effective date of this Act
- The business is in compliance with all agreements entered into under the Act or may establish, by rule and regulation, an annual any other tax credits or programs administered by DED or the Department of Revenue.

An eligible business shall enter into an agreement with DED for the successful completion of all requirements of the Act. The agreement may certify the business to receive tax credits under the act for up to 4 years.

As part of the agreement, the eligible business shall agree to collect and provide any information reasonably required by DED or the Department of Revenue in order to allow DED and department to fulfill their reporting obligations under this Act.

DED shall consider program certification applications under this Act in the order in which they are received. DED may accept program certification applications on a continuous basis or may establish, by rule and regulation, an annual program certification application deadline. The director may approve program certification applications for eligible businesses for a total of up to \$3 million dollars in tax credits for calendar years 2021 and 2022 and up to \$6 million dollars in tax credits per calendar year for calendar years 2023 and beyond. Program certification applications approved after such annual limit has been reached shall be placed on a wait list in the order in which they are received.

An eligible business may apply to the Department of Revenue for a refundable tax credit under the Act. The tax credit under the Act shall be in an amount equal to the product of 7.5 cents multiplied by the number of pounds of renewable chemicals produced in this state by the eligible business during each calendar year in excess of the eligible business's pre-eligibility production threshold. The maximum amount of tax credits that may be issued to an eligible business under a single tax credit application shall not exceed \$1.5 million per year.

To receive tax credits, the eligible business shall submit a tax credit application to the Department of Revenue on a form prescribed by the department. The tax credit application shall include the following information:

- The number of pounds of renewable chemicals produced in the state by the eligible business during the calendar year for which tax credits are sought
- Any other information reasonably required by the department in order to establish and verify the amount of credits earned under the Act.

If an agreement is not successfully fulfilled, DED may decline to enter into a subsequent agreement and the Department of Revenue may decline to issue a tax credit.

If DED determines that a tax credit application is complete, that an eligible business qualifies for tax credits, and that the eligible business has fulfilled all requirements of its agreement with DED, the tax credit application shall be approved the within the limits of this Act. DED shall certify the amount of tax credits approved to the eligible business. An eligible business shall claim the tax credit by attaching the

tax credit certification received from the DED under this Act to the business' tax return for the tax year in which the credit was approved.

An eligible business shall not receive a tax credit for renewable chemicals produced before the date the business first qualified as an eligible business. The tax credit shall not be available for any renewable chemicals produced before the 2021 calendar year. Any tax credit allowable to a partnership, an LLC, subchapter S corporation, or an estate or trust may be distributed to the partners, LLC members, shareholders, or beneficiaries in the same manner as income is distributed.

The failure by an eligible business in fulfilling any requirement of the Act or any of the terms and obligations of an agreement entered into pursuant to this Act may result in the reduction, termination, or rescission of the tax credits. The eligible business may be subject to the repayment or recapture of tax credits claimed.

On or before January 31, 2022, and on or before each January 31 thereafter, DED and the Department of Revenue shall electronically submit a report on the Act to the Revenue Committee of the Legislature. The report shall include the following information regarding tax credits and the recipients of such credits:

- The aggregate number of pounds, and a list of each type, of renewable chemicals produced in Nebraska by all recipients during the calendar year prior to the calendar year for which each recipient first received tax credits and for each calendar year thereafter
- The aggregate sales of all renewable chemicals produced by all recipients in each calendar year for which there are at least 5 recipients
- The aggregate number of pounds, and a list of each type, of biomass feedstock used in the production of renewable chemicals in Nebraska by all recipients during the calendar year prior to the calendar year for which each recipient first received tax credits and for each calendar year thereafter
- The number of employees located in Nebraska of all recipients during the calendar year prior to the calendar year for which each recipient first received tax credits and for each calendar year thereafter
- The number and aggregate amount of tax credits issued for each calendar year
- The number of eligible businesses placed on the wait list for each calendar year and the total number of eligible businesses remaining on the wait list at the end of that calendar year
- The dollar amount of tax credit claims placed on the wait list for each calendar year and the total dollar amount of tax credit claims remaining on the wait list at the end of that calendar year
- For each eligible business which received tax credits during each calendar year: The identity of the eligible business; the amount of the tax credits; and the manner in which the eligible business first qualified as an eligible business and the total amount of all tax credits claimed during each calendar year, and the portion issued as refunds.

DED and Department of Revenue may adopt and promulgate rules and regulations necessary to carry out the Renewable Chemical Production Tax Credit Act.

Disposition at Sine Die:

LB 605 was amended into LB 1107 with AM 3316. LB 1107 was advanced to General File as amended. LB 1107 was passed on Final Reading w/ Emergency Clause, 41-4-4, and was approved by the Governor on August 17, 2020.

LB 613 (Crawford) Change application deadlines under certain tax incentive programs

Introduced Version:

LB613 proposes to

- Terminate the New Markets Job Growth Investment Act on July 1, 2019.
- Terminate the Nebraska Job Creation and Mainstreet Revitalization Act on July 1, 2019.
- Terminate the Beginning Farmer Tax Credit Act on July 1, 2019.

Intent language is included in this bill that the \$30 million saved by terminating the programs noted above be used to increase the appropriation to the Site and Building Development Fund. The increased appropriation will be for fiscal year 2019-20 and each fiscal year thereafter.

Disposition at Sine Die:

LB 613 was not advanced from committee and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LB 623 (Williams) Change provisions relating to qualifications under the Beginning Farmer Tax Credit Act

Introduced Version:

LB623 proposes to make changes to the Beginning Farmer Tax Credit Act (Act) to reflect in statute the current practice under the Beginning Farmer program. The bill defines a cash rent agreement to be a rental agreement in which the principal consideration given to the owner of agricultural assets is a predetermined amount of money. A flex or variable rent agreement is defined as an alternative form of a cash rent agreement in which a predetermined base rent is adjusted for actual crop yield, crop price, or both according to a predetermined formula.

The bill will allow a qualified beginning farmer or livestock producer who has participated in a board approved and certified 3-year rental agreement with an owner of agricultural assets shall be eligible to file subsequent applications for different assets. Except as allowed pursuant to subsection (3) of section 77-5211, tax credits for an agricultural asset may be issued for a maximum of 3 years.

LB623 clarifies a qualified beginning farmer or livestock producer in the first, second, or third year of a qualifying 3-year rental agreement shall be allowed a one-time refundable credit. The amount of the credit shall be the actual cost of participation in an approved program incurred during the tax year for which the credit is claimed, up to a maximum of \$500 hundred dollars.

Clarification language is included to allow an owner of agricultural assets who has participated in a board approved and certified 3-year rental agreement with a beginning farmer or livestock producer to be

eligible to file subsequent applications for different assets. Except as allowed pursuant to subsection (3) of section 77-5211, tax credits for an agricultural asset may be issued for a maximum of 3 years.

The Beginning Farmer Board shall not approve and certify credit for an owner of agricultural assets who has, with fault, terminated a prior board approved and certified rental agreement with a qualified beginning farmer or livestock producer or if the agricultural assets have previously been approved in a qualifying rental agreement.

Disposition at Sine Die:

LB 623 was amended into LB 560. LB 560 passed on Final Reading, 46-0-3. LB 560 was approved by the Governor on May 17, 2019.

LB 628 (Pansing Brooks) Increase the earned income tax credit

Introduced Version:

The bill would increase the amount of the Nebraska Earned Income Tax Credit. Currently, taxpayers whose AGI is less than \$29,000 receive a refundable Nebraska credit equal to 10 percent of the federal credit. The bill would increase the percentage amount of the credit in phases over three years:

Tax Year 2020 – Credit = 13 percent

Tax Year 2021 – Credit = 17 percent

Tax Year 2022 – Credit = 20 percent

Disposition at Sine Die:

LB 628 was not advanced from committee and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LB 670 (Linehan) Adopt the Opportunity Scholarships Act and provide tax credits

Introduced Version:

LB670 proposes the Opportunity Scholarships Act (Act). A section-by-section summary of the Act is shown below.

Section 1 introduces the Act.

Section 2 provides the intent language for the Act.

Section 3 is the definitions section of the Act.

Section 4 provides the requirements for organization to become qualified as a scholarship granting organization. An organization must apply and be certified by the Department of Revenue (Department). The Department may revoke the certification if the scholarship granting organization fails to fulfill the requirements listed below or the requirements of section 10 of this Act.

Required information to become certified as a scholarship granting organization is:

- The applicant is exempt from federal tax under section 501(c)(3) of the Internal Revenue Code of 1986 as amended.

- The applicant will offer one or more education scholarship programs for eligible students.
- The applicant will be able to comply with the requirements of Section 10 of this Act.
- The applicant will provide education scholarships for eligible students without limiting education scholarship availability to only one qualified school.
- The applicant will give first priority to:
 - Eligible students who received an education scholarship from an eligible scholarship granting organization during the previous school year; and
 - New applicants whose household income levels do not exceed 185% of the federal poverty level or who are in foster care or out-of-home care.

Section 5 refers to the individual taxpayer making contributions to one or more scholarship granting organizations. An individual taxpayer who makes one or more cash contributions to one or more scholarship granting organizations shall be eligible for a nonrefundable tax credit. Taxpayers who are married by file separate returns may each claim one-half of the tax credit that would have been allowed for a joint return.

The tax credit is subject to section 9 of this Act. Unused credits may be carried forward for the next 5 years. The taxpayer may not designate all or any part of the contribution to be used for the benefit of any eligible student specifically identified by the taxpayer.

The amount of the credit will be the lesser of:

- The total amount of such contributions made during the tax year; or
- 50% of the income tax liability of such taxpayer for the tax year.

The taxpayer may only claim a credit for the portion of the contribution that was not claimed as a charitable contribution under the Internal Revenue Code.

Section 6 refers to partnerships, LLC's or Subchapter S corporations. Any partnership, LLC, or Subchapter S corporation that carries on any trade or business for which deductions allowed under Section 162 of the IRC or is carrying on any rental activity and makes one or more cash contributions to one or more scholarship granting organizations shall be eligible for a nonrefundable tax credit.

The tax credit is subject to section 9 of this Act. Unused credits may be carried forward for the next 5 years. The taxpayer may not designate all or any part of the contribution to be used for the benefit of any eligible student specifically identified by the taxpayer.

The amount of the credit will be the lesser of:

- The total amount of such contributions made during the tax year; or
- 50% of the income tax liability of such taxpayer for the tax year.

The taxpayer may only claim a credit for the portion of the contribution that was not claimed as a charitable contribution under the Internal Revenue Code. The credit will be attributed to each partner, member, or shareholder in the same proportion used to report income or loss for income tax purposes.

Section 7 refers to estates and trusts. An estate or trust that makes one or more cash contributions to one or more scholarship granting organizations shall be eligible for a nonrefundable tax credit.

The tax credit is subject to section 9 of this Act. Unused credits may be carried forward for the next 5 years. The taxpayer may not designate all or any part of the contribution to be used for the benefit of any eligible student specifically identified by the taxpayer.

The amount of the credit will be the lesser of:

- The total amount of such contributions made during the tax year; or
- 50% of the income tax liability of such taxpayer for the tax year.

The taxpayer may only claim a credit for the portion of the contribution that was not claimed as a charitable contribution under the Internal Revenue Code.

Section 8 refers to corporations. A corporate taxpayer that makes one or more cash contributions to one or more scholarship granting organizations shall be eligible for a nonrefundable tax credit.

The tax credit is subject to section 9 of this Act. Unused credits may be carried forward for the next 5 years. The taxpayer may not designate all or any part of the contribution to be used for the benefit of any eligible student specifically identified by the taxpayer.

The amount of the credit will be the lesser of:

- The total amount of such contributions made during the tax year; or
- 50% of the income tax liability of such taxpayer for the tax year.

The taxpayer may only claim a credit for the portion of the contribution that was not claimed as a charitable contribution under the Internal Revenue Code.

Section 9 provides details on the tax credit. A taxpayer wishing to claim a tax credit under the Act shall notify the scholarship-granting organization of the taxpayer's intent to make a contribution and the amount to be claimed as a tax credit. The scholarship-granting organization shall notify the Department of the intended tax credit amount.

The department shall notify the scholarship-granting organization of its determination within thirty days after receipt of the notification. Once credits have reached the designated annual limit for any calendar year, no additional credits shall be allowed for such calendar year.

If an amount less than the amount indicated in the notification is available for a tax credit, the department shall notify the scholarship-granting organization of the available amount. The scholarship-granting organization shall notify the taxpayer of the available amount within 3 business days. If the intended tax credit amount in the notification is not available, the scholarship-granting organization shall then promptly notify the taxpayer. The department shall consider notifications regarding intended tax credit amounts in the order in which they are received to ascertain whether the intended tax credit amounts are within the annual limit provided in this subsection.

To be allowed a tax credit as provided by the Act, the taxpayer shall make its contribution between 31 and 60 days after notifying the scholarship-granting organization of the taxpayer's intent to make a

contribution. The taxpayer will be given a receipt showing the name and address of the scholarship-granting organization, the date the scholarship-granting organization was certified by the department in accordance with section 4 of this act, the name, address, and, if available, tax identification number of the taxpayer making the contribution, the amount of the contribution, and the date the contribution was received.

If the contribution is not received within the required time period, it shall notify the department. The department shall no longer include such amount when calculating whether the limit has been exceeded.

The amount of the tax credit is capped at \$10 million for calendar year 2020. The amount for calendar year 2021 and thereafter will be calculated by taking the annual limit from the prior calendar year and then multiplying such amount by:

- 125% if the intended tax credit amounts in the prior calendar year exceeded 90% of the annual limit applicable to that calendar year; or
- 100% if the intended tax credit amounts in the prior calendar year did not exceed 90% of the annual limit applicable to that calendar year.

The Department of Education and the Department of Revenue shall publish on their respective web sites information identifying the annual limit when it is increased pursuant to subsection (3) of this section.

Section 10 provides the requirements for a scholarship granting organization to remain certified. To remain certified as a scholarship granting organization, the organization is required to allocate its revenue as shown below. Revenue is allocated when it is expended or otherwise irrevocably encumbered for expenditure.

- If the annual limit on tax credits is less than \$20 million, at least 90% of its revenue will be for education scholarships and no more than 10% for administrative costs; or
- If the annual limit on tax credits is \$20 million or more, 95% of its revenue will be for education scholarships and no more than 10% for administrative costs.

The percentage of funds allocated for education scholarships will be measured as a monthly average for the most recent 24 month period. A scholarship granting organization certified for less than 24 months will use the period of time the organization has been certified.

Section 11 provides for an annual audit. Each scholarship granting organization is required to have an annual audit. The audit must be conducted by an independent public accountant. The audit is due no later than December 1 and is to be filed with the department. The department will electronically forward a copy of the audit to the Governor and Legislature no later than December 31 of each year.

The audit shall include a summary description of its policies and procedures for awarding education scholarships, the number of eligible students receiving education scholarships in the most recent fiscal year, the total amount of contributions received for education scholarships in the most recent fiscal year, and the total amount of education scholarships awarded in the most recent fiscal year.

Section 12 indicates the Act shall not be construed as granting any expanded or additional authority to the State of Nebraska to control or influence the governance or policies of any qualified school that admits and enrolls students who receive education scholarships. It does not expand or add additional authority to require any such qualified school to admit or, once admitted, to continue the enrollment of any student receiving an education scholarship.

Section 13 gives the department the authority to adopt and promulgate rules and regulations to carry out the Act.

Section 14, Section 15, and Section 16 adds the tax credit under the Act to the sections of statute on nonrefundable tax credits.

Section 17 is the operative date of the Act. The Act becomes operative for all taxable years on or after January 1, 2020.

Section 18 is the Severability clause.

Section 19 is the repealer section.

Committee Amendment: AM 1112 – pending

The amendment adds two additional requirements to become certified as a scholarship granting organization. The new requirements are:

- That the organization will limit the maximum scholarship amount awarded to any student to the cost of tuition and fees at the qualified school of attendance; and
- That the average of the scholarship amount awarded per student does not exceed 75% of the statewide average expenditures per formula student as defined in section 79-1003.

Disposition at Sine Die:

LB 670 was advanced to General File with AM 1112. LB 670 did not advance from General File and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LB 720 (Kolterman) Adopt the ImagiNE Nebraska Act, Renewable Chemical Production Tax Credit Act, Customized Job Training Act, and Community Economic Opportunities Act and provide tax incentives

Introduced Version:

The bill creates the ImagiNE Nebraska Act to replace the Nebraska Advantage Act.

Timing - Applications for Nebraska Advantage would no longer be allowed after the effective date of the bill, which contains the Emergency Clause. Application for the new programs would be allowed after the effective date.

Administration - The bill transfers the overall administration of the program from the Department of Revenue to the Department of Economic Development. Revenue would still have the authority to audit taxpayers under the program and would be responsible for recapture of credits and refunds if necessary.

Qualified Businesses – The new program changes the industries that may qualify for incentives and in some cases specifies the “NAICS” code (North American Industry Classification System) needed to qualify. Qualified businesses include:

- Manufacturing;
- Testing laboratories;
- Administrative management/Headquarter facilities;

- Logistics facilities;
- Research, development, or testing for scientific, agricultural, animal husbandry, food product, industrial, or technology purposes;
- Data processing, insurance, transportation or financial services;
- Telecommunications services;
- Operating a data center;
- Production of electricity using renewable energy sources;
- Performance of information technology services; and
- Retail (if 75% of the revenue is derived from sales to customers in other states).

Non-qualified businesses include:

- Agricultural, forestry, fishing and hunting;
- Mining, quarrying and oil and gas extraction;
- Utilities (other than as authorized);
- Construction;
- Retail trade (other than as authorized);
- Real estate and rental and leasing;
- Professional, scientific, and technical services (other than as authorized);
- Health care and social assistance;
- Arts, entertainment and recreation;
- Accommodation and food services;
- Other services not already specified; and
- Public administration.

New Employees – Incentives under the new program increase with the level of wages paid. Wages paid are compared to either the average hourly wage in Nebraska excluding the three largest counties or including the three largest counties. Taxpayers must pay wages at or above 100% of the two standards.

Project Phases

- a) Application. Taxpayers must file an application showing they will make new investment and create new employment as required. An application is deemed “complete” if the requirements laid out in the bill are all included. The director of the Department of Economic Development must approve or disapprove a complete application within 90 days.
- b) Agreement. The director must prepare and deliver an agreement to the taxpayer within 90 days of approving an application. Agreements are for a period of 15 years.

- c) Precertification. A taxpayer may request that the director certify that it is operating a qualified business at a qualified location. The director must complete the review within 90 days of the request. A taxpayer may request that the Tax Commissioner certify base year employment and wage levels. The review must be completed within 180 days of the request. Once these certifications are made, they are binding on the Department of Revenue when the taxpayer claims the incentives, so long as the taxpayer has complied with the terms its agreement.
- d) Ramp-up Period. This runs for 4 years after the year of application. The taxpayer must attain its investment and job creation level during this period. Also, taxpayers may begin filing direct refund claims for sales and use tax paid on qualified property during this period.
- e) Performance Period. This is the year during which the required levels of investment and employment are attained and continues until the end of the 6th year after the year of attainment. During this period, the taxpayer is exempt from paying sales and use tax on purchases of qualified property.
- f) Carryover Period. This runs for 3 years after the end of the Performance Period. Taxpayers are no longer allowed to earn credits but may continue to use credits earned.

Revolving Loan Fund – Taxpayers with an application under the new program may obtain loans from this new fund for:

- Workforce Training – Taxpayers may partner with postsecondary educational institutions in Nebraska, nonprofit educational organizations, or a school district in providing workforce training; and
- Infrastructure Development.

The bill requires a transfer of \$5 million to this fund no later than July 15, 2019 and another transfer no later than July 15, 2020. The fund may also receive money from appropriations, grants, private contributions, repayment of loans and all other sources. Loans may be repaid using credits earned under the new program.

Incentives

- Taxpayers may receive refunds for sales and use tax paid on purchases of qualified property at a qualified location during the ramp-up phase;
- Taxpayers are exempt from such sales and use taxes during the performance period;
- They may earn and use investment credits against income tax liability, sales and use tax liability on purchases of other than qualified property, or to repay loans;
- They may earn and use employment credits against withholding taxes;
- Certain taxpayers may receive a property tax exemption for personal property acquired after the application date and used at a qualified location;
- Certain taxpayers may receive reimbursement from the state for real property taxes paid on a qualified location; and

- Credits may be used to obtain a payment from the state that is equal to the amount spent by the taxpayer for Job Training and Talent Recruitment.

City Sales Tax – Refunds of local sales taxes in excess of \$25,000 filed by June 15 shall be made on or after November 15 of the same year. Refunds filed on or after June 16 shall not be made until on or after November 15 of the following year. Existing statutes that delay payment of other local sales tax refunds are incorporated into the bill.

Taxpayers under the Employment and Investment Growth Act (775), Nebraska Advantage Act and the Imagine Nebraska Act are required to annually provide each municipality with the maximum amount the taxpayer is eligible to receive in sales and use tax refunds for the previous year and the estimate of sales and use taxes such business intends to claim by June 30.

Committee Amendment: AM 1614 – adopted

Section 14-15:

- Clarifies the data set to be used in determining the “Nebraska ninety-county average hourly wage” and the “Nebraska statewide average hourly wage” is the set calculated by the Office of Labor Market Information of the Department of Labor using annual data from the Quarterly Census of Employment and Wages;

Section 16:

- Clarifies the different level of wages that must be paid under the different qualifying categories;

Section 18:

Adds and/or clarifies the following businesses in the definition of “qualified location”:

- Transportation includes both rail and truck
- Insurance services is changed to Insurance Carriers
- Telecommunications services are to include both wired and wireless carriers but exclude satellite
- Telemarketing Bureaus and Other Contact Centers
- Computer Facilities Management Services
- Warehousing and Storage;

Sections 28-29:

- Adds additional items to be included in the application
- Adds language that the applicant must acknowledge in the application and in the agreement that it does not violate any state or federal law against discrimination
- Adds a nonrefundable application fee of \$5,000
- Adds a requirement for notification to any municipality in which project locations exist of the approval of an application and execution of an agreement
- The Department of Revenue is required to notify municipalities within 30 days after a refund is allowed or approved;

Section 32:

- The amendment modifies one of the levels for qualification from 10 new employees and \$1,000,000 investment to 5 new employees and \$1,000,000

- Applicants under this modified level may also receive a 1% multiplier for the wage and investment credits if the project is located in an area that has been designated as “extremely blighted”
- Requires that applicants offer to full-time employees insurance coverage that complies with the Affordable Care Act
- The administrative fee required under this section may be offset by the application fee;

Section 33:

- Adds new language for the order of utilization of credits from existing programs and this new program
- Credits may also be used to obtain payment from the state for taxpayer-sponsored child care at the qualified location during the performance and carryover period;

Section 34:

- For purposes of recapture, the average wage and health coverage requirements are treated as a required level of employment for each year of the performance period;

Section 40:

- Creates a committee to review the most recently available data on refunds and credits used as well as estimates of refunds and credits to be used under the program. This is the same data that will be made available to the Legislative Fiscal Office and the Nebraska Economic Forecasting Advisory Board. The committee may also request additional information which it believes should be considered by the Appropriations Committee for state budgeting and appropriations. The committee members are:
 - The Speaker of the Legislature
 - The Chairs of the Revenue, Appropriations Performance Audit Committees
 - The Tax Commissioner and
 - The Director of the Department of Economic Development.

This is in addition to the Annual Report to the Revenue and Appropriations Committees;

Sections 45-55:

The provisions of LB605 (Lindstrom 2019) are incorporated to create the Renewable Chemical Production Tax Credit Act. The Department of Economic Development (DED) will be responsible for managing the application, certification and agreement with an eligible business.

Requirements include:

- The business produced at least 1 million pounds of renewable chemicals in this state during the calendar year for which tax credits are sought
- The business is physically located in this state and

- The business organized, expanded, or located in this state on or after the effective date of this Act
- The agreement may certify the business to receive tax credits under the act for up to 4 years
- Within 30 days after receiving a program certification application, DED shall certify the business as satisfying the conditions required of an eligible business, request additional information, or deny the program certification application
- The director may approve program certification applications for a total of up to \$3 million dollars in tax credits for calendar years 2021 and 2022 and up to \$6 million dollars in tax credits for calendar years 2023 and beyond
- Program certification applications approved after such annual limit has been reached shall be placed on a wait list in the order in which they are received
- The credits are refundable
- The maximum amount of tax credits that may be issued to an eligible business under a single tax credit application shall not exceed \$1.5 million per year
- An eligible business may be subject to the repayment or recapture of tax credits claimed.

Section 68:

- Municipalities are required to keep all sales and use tax information received confidential unless previously disclosed by the taxpayer or the state
- Funds held by municipalities to make refunds of sales and use taxes under this program or prior incentive programs shall not count toward any budgeted restricted funds limitation as provided in section 13-519 or toward any cash reserve limitation as provided in section 13-504.

Disposition at Sine Die:

LB 720 was advanced to General File with AM 1614. LB 720 was amended into LB 1107 with AM 3316. LB 1107 passed on Final Reading, 41-4-4, and was approved by the Governor on August 17, 2020.

LB 724 (Vargas) Provide requirements for boards of directors in order to qualify for incentives under the Nebraska Advantage Act

Introduced Version:

The bill adds an additional requirement to earn incentives under the Nebraska Advantage Act. For any public corporation with a board of directors, the board must be comprised of at least one-half female directors. If the taxpayer fails to maintain this requirement at any time during the entitlement period (when credits are earned), the taxpayer will be deemed to be in recapture pursuant to Neb.Rev.Stat. §77-5727.

Applicants must include this information in their application and if they do not meet the requirement they must include a timeline showing the year the taxpayer expects to meet this requirement.

These provisions apply to applications filed after the effective date the bill. The Department of Revenue is also required to include this information in its annual report.

Disposition at Sine Die:

LB 724 was not advanced from committee and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LB 747 (Blood) Change the definition of microbusiness under the Nebraska Advantage Microenterprise Tax Credit Act

Introduced Version:

The bill adds a specific qualifying business to the Nebraska Advantage Microenterprise Tax Credit Act.

Currently, there are no specific industries included under the Act. The bill would specifically add investment adviser representatives, as defined in Neb.Rev.Stat. Section 8-1101, who are registered under the Securities Act of Nebraska.

There is an existing specific exclusion from applying under the Act. This exclusion applies to farm or livestock operations when the person actively engaged in the operation has a net worth of more than \$500,000 or the investment or employment is not in the processing or marketing of agricultural products.

There is no operative date or specification of taxable years.

Disposition at Sine Die:

LB 747 was not advanced from committee and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LB 879 (Geist) Eliminate funding for the Nebraska Advantage Microenterprise Tax Credit Act and change the termination date for applications

Introduced Version:

The bill would terminate applications under the Nebraska Advantage Microenterprise Tax Credit Act after December 31, 2020. The current sunset date is December 31, 2022. The annual adjusted limit of \$2 million plus tentative credits not granted during the preceding year is reduced to \$1.9 million plus tentative credits for calendar year 2020.

Section 3 of the bill provides two statements of legislative intent to increase the appropriation to the Department of Economic Development (“DED”) for the Business Innovation Act.

The first is due to the termination of the Angel Investment Tax Credit Act under LB334 (2019). The \$4 million in funding saved from that termination was appropriated to the Military Department for the Governor’s Emergency Cash fund for fiscal year 2020-2021 under LB334. This bill would re-appropriate the \$4 million in savings to DED for the Business Innovation Act for fiscal year 2020-2021.

The second statement of legislative intent is to appropriate the \$2 million in funding saved from termination of the Nebraska Advantage Microenterprise Tax Credit Act to DED for the Business Innovation Act.

Up to five percent of the funds appropriated for the Business Innovation Act may be used by DED or by a nonprofit entity with which the department contracts, for administrative expenses.

Disposition at Sine Die:

LB 879 was advanced to General File. LB 879 failed to advance from General File and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LB 1025 (Bolz) Create the Tax Credit Buy-Back Program

Introduced Version:

The bill creates a credit buy-back program for certain credits earned under the Nebraska Advantage Act. The state will buy back credits owned by a taxpayer at \$.25 cents for each \$1.00 of credits. Taxpayers are eligible if they own credits and offer to sell at least \$50,000 of credits back to the state.

Tax credits authorized under Neb.Rev.Stat. §77-5725 subsections (3), (4) and (5) are included in the program. These include:

- The compensation credit for taxpayers who qualify for a tier 1, tier 2, tier 3, or tier 4 project;
- The compensation credit for taxpayers who qualify for a tier 6 project; and
- The investment credit for taxpayers who qualify for a tier 2 or tier 4 project.

Taxpayers must file an application with the Department of Revenue to participate in the program. The Department is allowed to accept applications in any year in which the Legislature has appropriated funds for the program.

NOTE: There is no language stating the intent of the Legislature to appropriate funds for the program. Further, the bill does not define “eligible credits.” It does not specify to which fund these credits would be paid.

Disposition at Sine Die:

LB 1025 was not advanced from committee and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LB 1034 (Friesen) Extend the application deadline and change certain credits under the Nebraska Advantage Act

Introduced Version:

The bill would extend the sunset date for all tiers under the Nebraska Advantage Act from December 2020 to December 2021. It would increase the compensation credit under tier 1, tier 2, tier 3 and tier 4 from three or four percent of wages for new employees to five percent for the same tiers. (Tier 5 is investment only and does not require new employees.) The six percent credit would remain for wages that equal 125% of the Nebraska average annual wage.

The changes would apply to applications filed after the effective date of the bill.

Disposition at Sine Die:

LB 1034 was not advanced from committee and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LB 1045 (Brandt) Require the posting and reporting of tax incentive information under the Taxpayer Transparency Act

Introduced Version:

The bill effectively repeals any confidentiality provisions for taxpayers who receive tax credits or incentives under certain programs. The provisions of the bill would apply to agreements signed on or after the effective date of the bill. If no agreement is required under certain programs, then the provisions would apply to taxpayers who begin earning tax incentives on or after the effective date of the bill.

The programs specified include but apparently are not limited to:

- The Beginning Farmer Tax Credit Act;
- The Community Development Assistance Act;
- The Nebraska Advantage Act;
- The Nebraska Advantage Microenterprise Tax Credit Act;
- The Nebraska Advantage Research and Development Act;
- The Nebraska Advantage Rural Development Act;
- The Nebraska Job Creation and Main Street Revitalization Act;
- The New Markets Job Growth Investment Act;
- The Renewable energy tax credit provided in Neb.Rev.Stat. § 77-27,235; and
- Any similar program providing tax incentives that is created after the effective date of this act for the purpose of recruitment or retention of businesses in Nebraska. This determination will be made by the State Treasurer for purposes of including the information on the state website under the Taxpayer Transparency Act.

The information regarding tax incentives to be published on the State Treasurer's website under the Taxpayer Transparency Act include:

- The identity of the taxpayer;
- The location(s) where the taxpayer is earning tax incentives;
- The name of the tax incentive program under which incentive are being earned;
- The increase in jobs or investment actually produced to incentives;
- A list of individual tax incentives earned under the program, including:
 - The credits earned by the taxpayer, broken down by investment and wage credits earned;
 - Tax credits used by the taxpayer;
 - Directs sales and use tax refunds remitted to the taxpayer;
 - The amount of wage credits used against employee withholding;
 - The amount of person property exempted from taxation.
- The aggregate amount of credits and sales tax refunds received by the taxpayer to date;
- The aggregate amount of wage credits used against employee withholding to date;

- The aggregate amount of credits and sales tax refunds received by the taxpayer to date from all programs listed in the bill;
- The year and phase that each project was in for the year reported;
- The amount of tax incentives recouped from the taxpayer and the amount still owed for failure to provide the public benefits required under the program.

Such data is to be made available on the website no later than March 1 following the end of the calendar year in which the incentives were earned. The Department of Revenue is to compile the information and provide it to the State Treasurer, with the assistance of other state agencies if necessary.

The Department shall also prepare a report containing such information and issue the report on or before July 15, 2021 and on or before July 15 of each year thereafter. The Department shall appear before a joint hearing of the Appropriations and Revenue Committees to present the report on or before September 1, 2021 and on or before each September 1 thereafter.

The relevant statutes prohibiting unauthorized disclosure of confidential taxpayer information are amended to allow disclosure for the purposes of the bill. Exceptions to the confidentiality provisions (e.g. for litigation) are amended to allow disclosure for purposes of the bill. All data required to be reported under the bill shall be reported notwithstanding any confidentiality requirements provided in the tax incentive programs.

Disposition at Sine Die:

LB 1045 was not advanced from committee and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LB 1084 (Kolterman) Adopt the Nebraska Transformational Projects Act

Introduced Version:

The amendment creates the Nebraska Transformational Projects Act. The Act allows a qualified applicant to receive matching funds for a qualified project from the state in the amount of \$300 million.

Applicant is defined to mean a postsecondary institution having a college of medicine located in Nebraska. A project means an investment of at least \$1,600,000,000 at a qualified location to carry out the requirements of Title VII, Subtitle C, section 740 of Public Law 116-92, also known as the FY2020 National Defense Authorization Act, which provides:

Pilot Program on Civilian and Military Partnerships to Enhance Interoperability and Medical Surge Capability and Capacity of National Disaster Medical System (sec. 740).

The Senate bill contained a provision (sec. 727) that would authorize the Secretary of Defense to conduct a pilot program for no more than 5 years to establish partnerships with public, private, and non-profit health care organizations, institutions, and entities in collaboration with the Secretaries of Veterans Affairs, Health and Human Services, Homeland Security, and Transportation to enhance interoperability and medical surge capability and capacity of the National Disaster Medical System. Under this pilot, the Secretary of Defense would establish these partnerships at no fewer than five major aeromedical transport hub regions of the Department of Defense in the United States. The provision would require the Secretary of Defense to submit an initial report to the Committees on Armed Services of the Senate and the House

of Representatives, not later than 180 days after commencement of the pilot program, and a final report to the same committees within 180 days of the completion of the program.

Transformational period means the time from the date of a complete application through the earlier of (1) the end of the 10th year after the year in which the complete application was filed or (2) the end of the year in which the applicant attains the \$1,600,000,000 investment requirement.

Investment means the amount paid by the applicant for real property constructed after the date of application, owned by the applicant, located at the qualified location and used to carry out the project; or equipment that is purchased after the date of application, owned by the applicant, located at the qualified location and used to carry out the project.

To be eligible for matching funds, the applicant must file an application with the Director of Economic Development that includes the identity of the project and qualified location and states that the applicant is pursuing a partnership with the federal government under Title VII, Subtitle C, section 740 of Public Law 116-92. It must also provide the projected amount of total new investment at the project which may not be less than \$1,600,000,000 including the projected amount of private dollars and matching funds.

The application must include an independent economic impact assessment that shows such impact to be at least \$2,700,000,000 during the planning and construction period and at least \$4,900,000,000 during the 10 year period beginning when construction is commenced or when the application is approved. The application must include approval of the governing body of the applicant, compliance with the E-Verify employment system for employees at the qualified location and a nonrefundable fee of \$25,000.

An agreement between the applicant and the state is to be executed 90 days after the Director approves the application. Under the agreement, the applicant is to update the Director regarding an agreement for construction, local approval for construction, a binding commitment for financing for the project by a private lender (if applicable), commencement of construction, issuance of a certificate of occupancy for the project and updated timetables and amounts for investment and private donations.

Agreements may last no longer than 15 years (10 years for the transformational period and 5 years for the continuation period) after the date of application but remain in effect until all matching fund payments from the state have been received.

Once the applicant's project has been selected for the program under Title VII, Subtitle C, section 740 of Public Law 116-92 and the receipt of federal dollars, the applicant is entitled to receive \$300 million from the state as matching funds for the \$300 million in private donations. Such funds are to be paid on an annual basis. Matching funds and private donations may be counted towards the \$1,600,000,000 required investment. Matching funds may only be used to make investments at the project or to pay off debt financing for such investments.

The director is authorized to audit the project as necessary and to require repayments if any funds were erroneously paid. The applicant must invest \$1,600,000,000 before the end of the transformational period and maintain the levels of investment through the continuation period.

The right to receive matching funds is subject to funds being appropriated by the Legislature and may not be transferred. The Director is to submit an annual report beginning no later than October 1, 2022 and each year thereafter and appear before a joint hearing of the Appropriations and Revenue Committees on or before December 15, 2022 and each year thereafter.

The Nebraska Transformational Project Fund is created and may receive money from application fees, legislative appropriations, grants, private contributions, repayments of matching funds and all other sources. The stated intent of the Legislature is to transfer \$300 million to the fund no later than fiscal year 2026-2027.

No transfer shall be made until the applicant has been selected for participation in the program under Title VII, Subtitle C, section 740 of Public Law 116-92 and commitments of at least \$1,600,000,000 including federal dollars and private donations only have been secured. Matching funds may be distributed from the fund in amounts equal to the amount of private dollars received by the applicant.

No new applications may be filed after December 31, 2021. The Act becomes effective on January 1, 2021.

Disposition at Sine Die:

LB 1084 was amended into LB 1107 with AM 3316. LB 1107 passed on Final Reading, 41-4-4, and was approved by the Governor on August 17, 2020.

LB 1162 (Wishart) Adopt the Fueling Station Tax Credit Act

Introduced Version:

The bill creates the Fueling Station Tax Credit Act. Under the Act, a taxpayer may receive a credit for placing a qualified alternative-fuel fueling station in service during calendar year 2020 or 2021. The credit is equal to 75% of the cost of any qualified station and is nonrefundable. The credit is allowed against:

- Income taxes;
- Premium and related retaliatory taxes; or
- The financial institutions tax.

A qualified alternative-fuel fueling station is defined as a metered-for-fee, public access recharging system for motor vehicles propelled in whole or in part by electricity. The station must be new and not previously installed or used. The definition excludes buildings or structural components.

Taxpayers must first submit an application to the Department of Revenue which will approve the applications and notify the taxpayer if they qualify. The Department is authorized to approve credits until the total amount equals \$25 million. Unused credits may be carried forward for up to five years.

Taxpayers must file an annual report with the Department for the year in which the station is placed in service and each of the four following years. The report shall include:

- The number of charging events;
- The number of unique vehicles that were charged;
- The total kilowatt-hours dispensed for each charging event; and
- The average kilowatt-hours dispensed for all charging events.

Disposition at Sine Die:

LB 1162 was not advanced from committee and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LB 1179 (Wayne) Adopt the ImagiNE Small Business and Urban Revitalization Act

Introduced Version:

LB 1179 creates the ImagiNE Small Business and Urban Revitalization Act. It would provide credits for investment and job creation if a taxpayer is engaged in a qualified business. A qualified business is defined as:

- Storage, warehousing, distribution, transportation or the sale of tangible personal property;
- Conducting research, development or testing for scientific, agricultural, animal husbandry, food product, or industrial purposes;
- Performing data processing services, telecommunication services, insurance services or financial services;
- Assembly, fabrication, manufacture or processing of tangible personal property;
- Administrative management of any activities including headquarter facilities relating to such activities; or
- Any combination of these activities.

To qualify for the credits, taxpayers must meet the following criteria:

- Increase employment by 5 new employees and invest at least \$250,000 prior to the end of the first year in a blighted area in a city of the metropolitan class or primary class; and
- Pay a minimum wage of \$14 per hour to new employees; or
- Increase investment by \$50,000 prior to the end of the first year in a blighted area in a city of the first class or the second class.

For taxpayers in metropolitan and primary class cities, the credit is \$3,000 per new employee and \$2,750 for each \$50,000 of increased investment. For taxpayers in cities of the first or second class, the credit is 10% of the investment, not to exceed \$150,000.

The credit may be used as:

- A refund of state sales and use tax;
- A credit against income tax; or
- A refundable credit against income tax.

Taxpayers must apply to the Department of Economic Development (DED), and once approved, enter into a written agreement with the director of DED. The director must not approve more than \$5,000,000 in credits in each year. A \$500 application fee is required and is directed to the Nebraska Incentives Fund.

Credits must be repaid if employment and investment levels are not maintained as required under the agreement. Credits may be transferred under certain circumstances and specific transactions are not allowed to qualify under the agreement.

DED must provide an annual report beginning July 15, 2021, and present the report at a joint hearing of the Appropriations and Revenue Committees on or before September 1, 2021, and each year thereafter. The program has a sunset date of December 31, 2028.

The program is subject to the same confidentiality requirements as other tax incentive programs.

Disposition at Sine Die:

LB 1179 was amended to LB 1107 with AM 3316. LB 1107 passed on Final Reading, 41-4-4, and was approved by the Governor on August 17, 2020.

LB 1202 (Linehan) Adopt the Opportunity Scholarships Act and provide for tax credits

Introduced Version:

LB1202 would create the Opportunity Scholarships Act (“the Act”).

It would allow a scholarship-granting organization to provide education scholarships to eligible students. The scholarships would be a grant-in-aid to be used to pay all or part of the tuition and fees for attending a qualified school and would include any tuition grants. Tuition is limited to the full cost of educating an eligible student at a qualified school.

An eligible student is defined as a resident of Nebraska who:

- Is a dependent member of a household that qualified for Supplemental Nutrition Assistance Program (“SNAP”) benefits during the year prior to the granting of the scholarship; or
- Is in foster care or out-of-home care; and
- Is receiving a scholarship for the first-time and is either entering kindergarten or 9th grade in a qualified school; or
- Transferring from a public school where they were enrolled for at least one semester immediately preceding the first semester for which they are receiving the scholarship and is entering any grade from kindergarten through grade 12;
- Has previously received a scholarship and is continuing education at a qualified school until they graduate from high school or reach 21 years of age, whichever comes first; or
- Is the sibling of a student who is receiving a scholarship and resides in the same household.

A qualified school is defined as:

- Any nongovernmental, privately operated elementary or secondary school located in this state that:
 - Is not operated for profit;
 - Complies with the antidiscrimination provisions of 42 U.S.C. 1981;
 - Complies with all health and life safety laws or codes that apply to privately operated schools; and
 - Fulfills the applicable accreditation or approval requirements established under Neb.Rev.Stat. §79-318.

A scholarship granting organization is defined as:

- A charitable organization in this state that is:
 - Exempt from federal income tax under IRC §501(c)(3); and
 - Certified pursuant to Section 3 of the Act to be a scholarship-granting organization.

Section 3 of the Act requires an applicant to be certified as a scholarship-granting organization prior to providing any scholarships. The applicant must provide the Department of Revenue with sufficient information to show:

- That it is exempt under IRC §501(c)(3);
- That it will provide one or more scholarships to eligible students;

- That it will be able to comply with requirements of Section 9 of the Act;
- That it will not limit scholarships to only one qualified school;
- That it will give first priority to eligible students who received a scholarship during the previous school year;
- That it will limit scholarship amounts to the cost of tuition and fees at the qualified school; and
- That it will limit scholarship amounts to no more than 75% of the statewide average general fund operating expenditures per formula student per Neb.Rev.Stat.§79-1003.

The Department will then certify the applicant as a scholarship-granting organization. Such certification may be revoked if the organization fails to fulfill the requirements of Section 9 of the Act.

To remain qualified as a scholarship-granting organization, Section 9 requires that 90% of an organization's revenues be allocated for scholarships and no more than 10% may be used for administrative costs. The 90% is measured as the monthly average over the most recent 24 month period.

A tax credit is allowed for any individual, corporation, trust or estate that makes a contribution to a qualified scholarship-granting organization. The credit is limited to the lesser of the amount of contributions made during the tax year or 50% of the taxpayer's income tax liability. The credit is also limited to the portion of the contribution that was not claimed as a charitable contribution on the taxpayer's federal income tax return. Taxpayers who are married but filing separately are limited to one-half of the credit.

The credit is nonrefundable but may be carried forward for the five years immediately following the first year it is allowed. The credit may not be carried back. Taxpayers are not allowed to designate all or any part of the contribution for the benefit of a specifically identified student.

The credit allowed under the Act is limited to \$10 million annually. Prior to making a contribution, the taxpayer must notify the scholarship-granting organization of the intent to make a contribution and the amount intended to be claimed as a credit. The scholarship-granting organization must then notify the Department of the intended credit amount. If the amount exceeds the annual limit, the Department must notify the scholarship-granting organization within 30 days and the scholarship-granting organization must notify the taxpayer that the amount of the intended credit is not available. If a lesser amount is available, the same notification process is required except that the scholarship-granting organization must notify the taxpayer of the available amount within three days.

To be eligible for the credit, the taxpayer must make the contribution between 31 and 60 days after notifying the scholarship-granting organization of the intent to make the contribution.

Credits shall be considered by the Department in the order in which they are received. Once credits have reached the annual limit, no additional credits may be allowed for the calendar year. Credits are to be prorated among the notifications received on the day the annual limit is exceeded.

Each scholarship-granting organization shall submit annual audited financial reports to the Department no later than December 1 of each year. The Department is required to file a report with the Governor and the Legislature no later than December 31 of each year.

The bill contains a Severability Clause.

Disposition at Sine Die:

LB 1202 was not advanced from committee and was indefinitely postponed with the end of the legislative session on August 13, 2020.

Miscellaneous

LB 4 (Stinner) Change mileage reimbursement and filing fees under the Tax Equalization and Review Commission Act

Introduced Version:

LB4 would reimburse each of the 3 Tax Equalization and Review Commission (TERC) commissioners for daily travel from their residences to the State Office Building and to the location of hearings. The TERC offices are located in the State Office Building in Lincoln.

The bill proposes an increase in the filing fee for an appeal. The current filing fee for an appeal is \$25 per parcel. If an appeal consists of 4 parcels, the filing fee would be \$100. The proposed increases are on a graduated scale based on the taxable value of the parcel:

- \$40 if the taxable value of the parcel is less than \$250,000.
- \$50 if the taxable value of the parcel is at least \$250,000 but less than \$500,000
- \$60 if the taxable value of the parcel is at least \$500,000 but less than \$1 million.
- \$85 if the taxable value of the parcel is at least \$1 million.
- \$40 for any other appeal.

Disposition at Sine Die:

LB 4 was advanced to General File. LB 4 passed on Final Reading w/ Emergency Clause, 34-11-4, and was approved by the Governor on February 12, 2020.

LB 76 (Williams) Change provisions relating to the nameplate capacity tax

Introduced Version:

LB76 adds an additional definition to nameplate capacity. Nameplate capacity shall be determined based on the facility's alternating current capacity.

The bill has an operative date of January 1, 2020.

Disposition at Sine Die:

LB 76 was advanced to General File. LB 76 passed on Final Reading, 47-0-2, and was approved by the Governor on February 12, 2020.

LB 86 (Wayne) Change provisions for redevelopment plans for extremely blighted areas under the Community Development Law and change funding provisions under the Nebraska Affordable Housing Act

Introduced Version:

LB86 proposes two rates for the documentary stamp tax. Currently the documentary stamp tax is \$2.25 for each \$1,000 of value or fraction of a value. This bill would amend the \$2.25 for each \$1,000 of value

or fraction of a value for the first \$1 million in value and adds a rate of \$3.25 for each \$1,000 of value or fraction thereof for any value in excess of \$1 million.

Fifty cents of the additional \$3.25 collected will be remitted to the register of deeds for the county general fund. The remaining \$2.75 shall be remitted to the State Treasurer and distributed as follows:

- \$1.95 to the Affordable Housing Trust Fund
- \$0.25 to the Site and Building Development Fund
- \$0.25 to the Homeless Shelter Assistance Trust Fund
- \$0.30 to the Behavioral Health Services Fund

New language is added to include a percentage of the Affordable Housing Trust Fund to projects in extremely blighted areas. The definition of extremely blighted is found in Section 18-2103.

“(3) Blighted area means an area (a) which, by reason of the presence of a substantial number of deteriorated or deteriorating structures, existence of defective or inadequate street layout, faulty lot layout in relation to size, adequacy, accessibility, or usefulness, insanitary or unsafe conditions, deterioration of site or other improvements, diversity of ownership, tax or special assessment delinquency exceeding the fair value of the land, defective or unusual conditions of title, improper subdivision or obsolete platting, or the existence of conditions which endanger life or property by fire and other causes, or any combination of such factors, substantially impairs or arrests the sound growth of the community, retards the provision of housing accommodations, or constitutes an economic or social liability and is detrimental to the public health, safety, morals, or welfare in its present condition and use and (b) in which there is at least one of the following conditions: (i) Unemployment in the designated area is at least one hundred twenty percent of the state or national average; (ii) the average age of the residential or commercial units in the area is at least forty years; (iii) more than half of the plotted and subdivided property in an area is unimproved land that has been within the city for forty years and has remained unimproved during that time; (iv) the per capita income of the area is lower than the average per capita income of the city or village in which the area is designated; or (v) the area has had either stable or decreasing population based on the last two decennial censuses. In no event shall a city of the metropolitan, primary, or first class designate more than thirty-five percent of the city as blighted, a city of the second class shall not designate an area larger than fifty percent of the city as blighted, and a village shall not designate an area larger than one hundred percent of the village as blighted. A redevelopment project involving a formerly used defense site as authorized under section 18-2123.01 shall not count towards the percentage limitations contained in this subdivision;”

Committee Amendment: AM 792 – adopted

The amendment provides procedures to declare an area as extremely blighted. It also removes the increase in the documentary stamp tax.

Disposition at Sine Die:

LB 86 was advanced to General File with AM 792. LB 86 was passed on Final Reading, 47-0-2, and was approved by the Governor on May 30, 2019.

LB 97 (Wayne) Change provisions relating to highway funding

Introduced Version:

LB97 is a reintroduction of LB1026 (2018). The bill proposes to authorize the Nebraska State Highway Commission, upon the recommendation of the Department of Transportation, to issue up to \$200,000,000 of bonds to use for purposes of the Build Nebraska Act. The interest rate shall be a fixed rate and cannot exceed 5%. No bonds can be issued after June 30, 2022 (except for refunding bonds) and the bonds must be paid off by July 1, 2039.

At least 25% of the bond proceeds shall be used for construction of the expressway system and federally designated high priority corridors.

The bill creates the Build Nebraska Bond Fund to receive the bond proceeds. The Highway Cash Fund may be pledged for repayment of the bonds and the repayment of the bonds may also be made from the State Highway Capital Improvement Fund.

The bill has the Emergency Clause.

Disposition at Sine Die:

LB 97 was not advanced from committee and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LB 315 (Kolterman) Provide for an inheritance tax exemption and change certain inheritance tax proceedings

Introduced Version:

LB315 proposes to exempt proceeds of life insurance receivable by a trustee from either an inter vivos trust or a testamentary trust from inheritance tax. The exemption applies to insurance under policies upon the life of the decedent. This exemption shall not apply if the decedent's estate is the beneficiary of the trust.

The bill amends the procedure for determination in absence of probate estates by including an independent proceeding for the sole purpose of determining the estate tax may be instituted in the county court where the property that might be subject to tax is situated.

After the petition to initiate such an independent proceeding is filed, the county court shall order the petition set for hearing no less than 2 weeks or more than 4 weeks after the date the petition has been filed.

If a petition is filed to initiate an independent proceeding and the decedent was 55 years of age or older or resided in a medical institution, a notice of the filing of such the petition shall be provided to the Department of Health and Human Services. The notification will include decedent's social security number and, if the decedent was predeceased by a spouse, the name and social security number of such spouse.

A certificate of the providing of the notice to the department shall be filed in the independent proceeding by an attorney for the petitioner or, if there is no attorney, by the petitioner, prior to the entry of an order pursuant to this section.

Note:

An inter vivos trust also known as a living trust, is created for the purpose of estate planning while an individual is still living. It is drafted as either a revocable or irrevocable living trust. It allows the

individual for whom the document was established to access assets such as cash, investments and real estate property named in the title of the trust while they are still alive. Inter vivos trusts bypass the probate process once the trust owner passes away.

A testamentary trust is created when an individual dies, and is detailed in their last will and testament. Because the establishment of a testamentary trust does not happen until death, it is by nature irrevocable. A testamentary trust does not protect an individual's assets from the probate process.

Disposition at Sine Die:

LB 315 was advanced to General File. LB 315 passed on Final Reading, 47-0-2, and was approved by the Governor on May 29, 2019.

LB 338 (Wayne) Change calculation of gasoline tax and distribution of proceeds

Introduced Version:

LB338 proposes to set the minimum average wholesale price of gasoline to be used to calculate the gas tax at \$2.44 beginning on and after July 1, 2019.

Any city of the metropolitan class shall use the funds received from the Highway Allocation Fund to improve streets within the city. The bill requires the city to give priority to unimproved streets which do not have the standard type of pavement.

The bill has an operative date of July 1, 2019.

LB338 has the Emergency Clause.

Disposition at Sine Die:

LB 338 was not advanced from committee and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LB 393 (Groene) Increase the documentary stamp tax

Introduced Version:

LB393 would increase the documentary stamp tax from \$2.25 for each \$1,000 of value to \$3.25 for each \$1,000 of value. From each \$3.25 of taxes collected, all current distribution of the funds remains the same (see below) with an additional distribution of \$1.00 to the Property Tax Credit Fund.

Current distribution of the documentary stamp tax:

- 50 cents retained by the register of deeds for the county general fund.
- Remaining \$1.75 is remitted to the State Treasurer for credit to the following funds:
 - 95 cents to the Affordable Housing Trust Fund
 - 25 cents to the Site and Building Development Fund
 - 25 cents to the Homeless Shelter Assistance Trust Fund
 - 30 cents to the Behavioral Health Services Fund

Disposition at Sine Die:

LB 393 was not advanced from committee and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LB 440 (Walz) Increase a tax on aviation jet fuel

Introduced Version:

LB440 proposes to raise the tax per gallon on aviation jet fuel from 3 cents per gallon to 10 cents per gallon.

The bill has an operative date of January 1, 2020.

Disposition at Sine Die:

LB 440 was not advanced from committee and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LB 463 (Williams) Change provisions relating to treasurer's tax deeds and tax sale certificates

Introduced Version:

LB463 will make changes for issuing treasurer's tax deeds and tax sale certificates. When generating the list of properties with delinquent taxes that may be sold at public auction, the county treasurer will be required to list the property as it is described on the tax list and include the parcel number of the property.

Service of notice of the application for a tax deed shall be done by one of the following processes:

- Personal or residence service on a person in actual possession or occupancy of the real property and on the person in whose name the title to the real property appears of record who can be found in this state.
- If the person in actual possession or occupancy of the real property cannot be served by personal or residence service, service shall be made by certified mail or designated delivery and sent to the address of the property.
- If the person in whose name the title to the real property appears of record cannot be found in this state or if such person cannot be served by personal or residence service, service of the notice shall be made upon such person by certified mail service or designated delivery service. The notice shall be sent to the name and address on the property tax statement.
- Certified mail or designated delivery service upon every encumbrancer of record found by the title search. The notice shall be sent to the encumbrancer's name and address appearing of records as shown in the encumbrance filed with the register of deeds.

The affidavit stating the title search was done by a registered abstractor and the notice of service shall be filed with a copy of the notice and a copy of the title search with the application for the tax deed.

If any person or encumbrancer entitled to notice who cannot, upon diligent inquiry, be found, the purchaser or his or her assignee shall publish the notice in a newspaper of general circulation in the county which has been designated by the county board in the year public is required.

The notice shall be published 3 consecutive weeks. The purchaser shall file proof of publication, affirming the notice was published, file an affidavit the title search was conducted by a registered abstracter, and a copy of the title search.

After 3 years and 9 months after the date of sale of any real estate for taxes or special assessments, he purchaser or assignee who holds a tax sale certificate may apply to the county treasurer for a tax deed for any real estate that has not been redeemed.

The county treasurer shall execute and deliver a deed of conveyance if he or she receives the following:

- The tax sale certificate;
- The issuance fee for the tax deed and the fee of the notary public or other officer acknowledging the tax deed;
- The affidavit proving service of notice, the copy of the notice, and the copy of the title search; and
- The affidavit of the publisher, manager, or other employee of the newspaper, the copy of the notice, the affidavit of the purchaser or assignee, and the copy of the title search.

Tax sale certificates sold and issued between January 1, 2010, and December 31, 2016, shall be governed by the laws and statutes that were in effect on December 31, 2009, with regard to all matters relating to tax deed proceedings, including noticing and application, and foreclosure proceedings.

Disposition at Sine Die:

LB 463 was advanced to General File. LB 463 passed on Final Reading, 47-0-2. LB 463 was approved by the Governor on March 27, 2019.

LB 512 (Linehan) Change revenue and taxation provisions

Introduced Version:

This is the Department of Revenue annual housekeeping bill which addresses multiple areas of tax law.

Section 1 to 9 and 30 - Would repeal Neb.Rev.Stat. §66-739 and harmonize nine other sections within the motor fuels tax statutes to reflect this outright repeal. The statute currently requires separation of motor fuel tax auditing and collection from other parts of the Department. Motor fuel staff are funded through a cash fund as opposed to the General Fund. Repealing this statute would allow auditors and collections personnel to work on more than one tax program and create efficiencies within the Department.

Section 10 – Current law requires county boards to publish a list of delinquent taxpayers and to forward the list to the Property Tax Administrator. The bill would require that the list be furnished to the Department electronically.

Section 11 – Contingent fee contracts for state agencies require review by the Governor under Neb.Rev.Stat. §§73-203 or 73-204. Neb.Rev.Stat. §77-377.02 requires the Department to use contingent fee agreements with third parties for delinquent tax collection. The bill would allow the Department to enter into collection agreements again without approval by the Governor. These agreements are small and infrequent.

Sections 12 and 13 – Removes redundant language regarding promulgation of rules and regulations by the Property Tax Administrator. Neb.Rev.Stat. §77-369 provides comprehensive language for the Tax Commissioner to promulgate rules and regulations as necessary.

Section 14 – Strikes an unnecessary certification of personal property tax exclusions to the Department of Administrative Services, as the Department of Revenue administers all aspects of this program. The certification required under Neb.Rev.Stat. §77-1239 is also untimely for budget purposes and requires the Department to use estimates rather than actual numbers.

Section 15 – Provides relief to property taxpayers for damage or destruction due to a natural disaster occurring after the January 1 assessment date.

Section 16 – Clarifies provisions of last session’s LB1090 regarding the new personal exemption credit and the increase in the standard deduction.

Sections 17 to 19 – Current filing requirements for pass-through entities are confusing and dissimilar. The bill would harmonize these requirements so that all such entities with Nebraska-source income would be required to file a return, even if all the income is Nebraska-source income and all owners are Nebraska residents.

Section 20 – Amends Neb.Rev.Stat. §77-2776 so that when a notice of deficiency is issued to a pass-through entity the actions taken by such entities regarding the notice are binding on the owners. This matches federal practice.

Section 21 to 23 – Amend sections of the Homestead Program as follows:

- Neb.Rev.Stat. §77-3506 to eliminate the annual certification of 100% disability (or the Unremarried before age 50) of the surviving spouse;
- Neb.Rev.Stat. §77-3508 to clarify the definition of prosthesis for purposes of the disabled homestead exemption by cross referencing the sales tax definition in Neb.Rev.Stat. §77-2704.09(2)(h); and
- Neb.Rev.Stat. §77-3519 to allow homestead exemption claimants who are denied or have the exemption amount reduced because of home value to appeal the value by June 30.

Section 24 – Amends Neb.Rev.Stat. §77-4111 to eliminate the requirement to adopt regulations governing the Employment and Investment Growth Act as the program no longer accepts applications.

Section 25 – Amends Neb.Rev.Stat. §77-6203 to change from “shall” to “may” the promulgation of regulations for the nameplate capacity tax.

Section 26 – Operative dates.

Section 27 to 29 – Repealers.

Section 31 – Emergency Clause.

Committee Amendment: AM 423 – adopted

The amendment makes three changes. First it strikes Section 12. The bill as drafted would have removed the requirement for the Tax Commissioner to promulgate rules and regulations for the educational standards and criteria for certification for county assessor certificate holders. The requirement remains in

statute with the amendment. The second change strikes Section 15 which created rules to address real property assessment due to a major calamity. Finally, the operative date section is now section 24. The section numbering within it has been adjusted and the repealer section has been corrected due to the elimination of section 12.

Disposition at Sine Die:

LB 512 was advanced to General File with AM 423. LB 512 passed Final Reading with the Emergency Clause, 45-0-4, and was approved by the Governor on May 30, 2019.

LB 523 (Linehan) Provide a documentary stamp tax exemption for certain deeds and a property tax exemption for certain charitable organizations

Introduced Version:

LB523 will make deeds transferring real property to or from a nonprofit organization operated for educational, religious, charitable, or cemetery purposes exempt from the documentary stamp tax.

The bill adds language to exempt property owned by a limited liability company property as long as the LLC is wholly owned by an organization that qualifies for the exemption and meets specific organizational requirements. These requirements are:

- The company is organized and operated exclusively to benefit and further the purposes of an organization whose property qualifies for the tax exemption;
- The company is wholly owned by and organization whose property qualifies for the tax exemption;
- Company prohibits discrimination in membership or employment based on race, color, or national origin;
- Prohibition on using the property of the company for financial gain or profit to the owner or user
- Prohibiting use of property for the sale of alcoholic liquors for more than 20 hours per week; and
- Upon dissolution of company, all assets shall be distributed to an origination whose property qualifies for the tax exemption.

LB523 has an operative date of January 1, 2020.

Disposition at Sine Die:

LB 523 was not advanced from committee and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LB 707 (Erdman) Authorize the Tax Equalization and Review Commission to hold certain hearings by videoconference and telephone conference

Introduced Version:

LB707 will allow hearings before a single commissioner of the Tax Equalization and Review Commission (TERC) to be held by videoconference or telephone conference.

Disposition at Sine Die:

LB 707 was not advanced from committee and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LB 710 (Cavanaugh) Change provisions relating to tobacco including sales, crimes, a tax increase, and distribution of funds

Introduced Version:

LB710 proposes to raise the tax on cigarettes from 64 cents per package to \$2.14 per package. Beginning July 1, 2020, and every fiscal year thereafter, the Nebraska Health Care Cash Fund will be increased from \$1,250,000 to \$47,400,000. The Nebraska Health Care Cash Fund will receive an additional \$13,000,000 to ensure future sustainability of the fund.

The tax on snuff shall be increased to 65% of the purchase price of such tobacco products paid by the first owner; or, the price at which a first owner who made, manufactured or fabricated the tobacco product sells the items to others. The exception is for any snuff with an applicable tax per 1.2 ounces net weight is less than the cigarette tax, the tax on snuff shall be the same as the cigarette tax.

The bill defines tobacco products to be:

- Any product that is made from or derived from tobacco, or that contains nicotine, that is intended for human consumption or is likely to be consumed, whether smoked, heated, chewed, absorbed, dissolved, inhaled, or ingested by any other means, including, but not limited to, a 23 cigar, pipe tobacco, chewing tobacco, snuff, or snus.
- Electronic smoking devices and any component or accessory used in the consumption of a tobacco product, such as filters, rolling papers, pipes, and substances used in electronic smoking devices, whether or not they contain nicotine.

Tobacco product does not include cigarettes as define in section 77-2601. Drugs, devices, or combination products authorized for sale by the federal Food and Drug Administration, as those terms are defined in the Federal Food, Drug and Cosmetic Act. The definition of cigarettes in section 77-2601 is changed to mean:

“ . . . any roll for smoking made wholly or in part of tobacco that weights four and one-half pounds or less per thousand and whether or not such tobacco is flavored, adulterated, or mixed with any other ingredient and (a) the wrapper or cover of which is made of paper or any other material excepting tobacco or (b) wrapped in any substance containing tobacco, however labeled or named, which, because of its appearance, size, the type of tobacco used in the filler, or its packaging, pricing, marketing, or labeling, is likely to be offered to or purchased by consumers as a cigarette described in subdivision (5)(a) of this section.”

Electronic smoking device is defined as any device that can be used to deliver aerosolized or vaporized nicotine, including, but not limited to, an e-cigarette, e-cigar, e-pipe, vape pen, or e-hookah. Electronic smoking device includes any component, part, or accessory of such a device, whether or not sold separately. It includes any substance intended to be aerosolized or vaporized during the use of the device.

An electronic smoking device does not include:

- Any battery or battery charger when sold separately; or
- Drugs, devices, or combination products authorized for sale by the federal Food and Drug Administration, as those terms are defined in the Federal Food, Drug and Cosmetic Act.

LB710 creates the Behavioral Health Provider Rate Stabilization Fund (Fund). The monies in the Fund will be credited from the taxes collected on cigarettes, any gifts, grants or donations and any other funds appropriated by the Legislature. The Fund shall be used to support reimbursement of behavioral health services providers through provider rates within, but not limited to:

- The Children's Health Insurance Program
- The Medical Assistance Act
- The Nebraska Behavioral Health Services Act
- The Nebraska Community Aging Services Act

The bill adds new language for the distribution of \$1.50 of the \$2.14 increase in the cigarette tax as follows:

- 17% of the \$1.50 to the General Fund. This is in addition to the 49 cents currently going to the General Fund.
- .5% to the Nebraska Outdoor Recreation Development Cash Fund.
- 1% to the University of Nebraska Medical Center and Creighton University Medical Center for cancer research.
- 2.5% to the Building Renewal Allocation Fund.
- 3% equally distributed to the University of Nebraska Medical Center, Creighton University Medical Center and Boys Town Center for Neurobehavioral Research in Children for children's behavioral research.
- 25% for Medicaid expansion.
- 4% to Nebraska public health departments.
- 2% to the University of Nebraska Medical Center College of Public Health.
- 2% for federally qualified health centers.
- 5% for smoking cessation and addiction services.
- 1% for area health education centers.
- 4% for cancer and smoking-related disease research.
- 1% to the Behavioral Health Education Center of Nebraska at the University of Nebraska Medical Center.
- 1% for emergency protective custody services and resources.

- 2% to the Behavioral Health Provider Rate Stabilization Fund for behavioral health rate basing.
- 6% to the State Children’s Health Insurance Program to increase eligibility by 37%.
- 2% to improve health care delivery systems under the Patient Safety Improvement Act.
- 1% on emergency medical services workforce training and recruitment.
- 1% on other emergency medical services sustainability initiatives.
- 2.5% for paid family and medical leave start-up costs.
- 2% to the Nebraska Early Childhood Professional Record System.
- 5% for grades kindergarten through twelve education.
- 2% for health services in county corrections.
- .5% to the Human Trafficking Victim Assistance Fund.
- 2.5% for all telehealth services.
- 4% for beds in county hospitals and county-owned health centers for mental health treatment in counties containing a city of the metropolitan class and a county-owned health center.
- .5% to the Health and Human Services Cash Fund for traumatic brain injury research.

LB710 has an operative date of July 1, 2019.

The bill has the Emergency Clause.

Disposition at Sine Die:

LB 710 failed to advance from committee and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LB 812 (McCollister) Change acceptable ranges and authorize orders for rehearings under the Tax Equalization and Review Commission Act

Introduced Version:

LB812 will give the Tax Equalization and Review Commission (TERC) the authority to order a rehearing of any decision, action or order made by a county board of equalization or the Property Tax Administrator.

The rehearing shall be completed within 60 day after the order of TERC. All parties to the rehearing shall be given notice within 7 days after the order for rehearing.

An appeal of the decision made after the rehearing must be made within 30 days. Any order not appealed within the 30-day timeframe will be certified by the county clerk to the county treasurer. The records shall be adjusted accordingly.

Disposition at Sine Die:

LB 812 was not advanced from committee and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LB 818 (Brewer) Adjust the nameplate capacity tax for inflation

Introduced Version:

The bill would adjust the Nameplate Capacity Tax.

The current tax rate is \$3,518 per megawatt on the nameplate. The bill would adjust the tax by the rate of inflation for the 12 month period ending on August 31 of the previous calendar year. This change would be effective beginning January 1, 2021 and each January 1 thereafter. The annual increase would be administered by the Department of Revenue.

Disposition at Sine Die:

LB 818 was not advanced from committee and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LB 905 (DeBoer) Provide for a fee on single-use checkout bags and for a program to provide reusable checkout bags to the public

Introduced Version:

LB905 will require a store to charge of fee of 5 cents for each single-use checkout bag provided to a customer at the point of sale. The new fee will begin on January 1, 2021. Stores shall remit payment of this fee at the same time as other sales and use tax fees are remitted to the State. Stores may withhold 1 cent of each fee submitted as the cost for collecting the fee.

A store is defined to mean any retailer within the State that maintains a retail store and sells tangible personal property directly to the public. A store does not include a nonprofit organization that is exempt from sales and use tax. A single-use check bag is defined as a plastic bag with a thickness of less than 4 mils provided by a store to the customer at the point of sale. A single-use bag does not include a bag provided to contain meat, seafood, loose produce or other unwrapped food items, a newspaper bag, or a laundry or dry cleaning bag.

The Tax Commissioner remits the fees to the State Treasurer. The State Treasurer credits 3 cents of the fee to the General Fund and 1 cent to the Plastic Bag Reduction Fund.

The Plastic Bag Reduction Fund is created and administered by the Department of Environment and Energy. The Department of Environment and Energy is directed to create a program to provide reusable checkout bags to the public.

A reusable checkout bag is defined to be a bag that is provided by a store to the customer at the point of sale, has handles, a minimum lifetime capability of at least 12 uses carrying 22 pounds over at least 175 feet, is capable of being washed at least 100 times, is at least 2 mils thick and contains recycled content materials.

The Department of Revenue and the Department of Environment and Energy may adopt and promulgate rules and regulations.

Disposition at Sine Die:

LB 905 was not advanced from committee and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LB 1013 (Linehan) Change the cigarette tax and exempt certain transactions

Introduced Version:

LB1013 clarifies that a product taxed as a cigar under Title 26 of the United States Code and is a cigarette for purposes of collecting the state's cigarette tax, shall not be treated as a cigarette for purposes of the Master Settlement Agreement.

The bill has the Emergency Clause.

Committee Amendment: AM 2468 - pending

The amendment clarifies that a product taxed as a cigar under Federal law and as a cigarette for purposes of collecting the state's cigarette excise tax, shall not be treated as a cigarette for purposes of the Master Settlement Agreement or the Reduced Cigarette Ignition Propensity Act also known as "Fire Safe".

Disposition at Sine Die:

LB 1013 advanced to General File with AM 2468. LB 1013 did not advance from General File and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LB 1074 (Linehan) Change provisions relating to the assessment of improvements on leased lands and the collection of certain fees and taxes

Introduced Version:

This is the Department of Revenue annual technical correction bill which does two things.

First, it addresses improvements to leased land. Such improvements are assessed to the owner of the leased land unless a form is filed by either the owner or the lessee stating that the improvements are the property of the lessee.

The deadline for filing the form is currently "before March 1." The new language changes this deadline to "on or before March 1."

Secondly, the bill harmonizes the filing requirements of the lodging tax with those of the sales tax. Under current law, lodging tax returns are to be filed every month. Under the sales tax laws, retailers may file monthly, quarterly or annually depending on the volume of sales, as determined by the tax commissioner. The bill would allow lodging tax returns to follow the same periodic filing requirements as sales tax returns.

Disposition at Sine Die:

LB 1074 advanced to General File. LB 1074 did not advance from General File and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LB 1075 (Linehan) Change tax provisions relating to net book value

Introduced Version:

LB1075 would change the portion of net book value as a percent of Nebraska adjusted basis in Year 19 from 6.69% to 6.68%.

The bill has an operative date of January 1, 2021.

LB1075 is a Revenue Committee placeholder bill.

Disposition at Sine Die:

LB 1075 was not advanced from committee and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LB 1107 (Scheer) Adopt the ImagiNE Nebraska Act, Key Employer and Jobs Retention Act, Renewable Chemical Production Tax Credit Act, Customized Job Training Act, Nebraska Transformational Projects Act, and Nebraska Property Tax Incentive Act and change and provide other related provisions

Introduced Version:

The bill strikes the work “Such” and replaces it with “The” in Neb.Rev.Stat.§77-1301(2) regarding preliminary valuations of property by the county assessor in counties with a population of at least 150,000.

Committee Amendment: AM 3316 – adopted

AM3316 as amended becomes the bill and includes the following provisions:

Section 1 – 43:

Creates the ImagiNE Nebraska Act which replaces the Nebraska Advantage Act. Includes provisions of LB1179 the Small ImagiNE Nebraska Act.

Sections 41-43:

Creates the Revolving Loan Fund - Taxpayers with an application under the new program may obtain loans from this new fund for workforce training and infrastructure development.

Sections 44-65:

Creates the Key Employer and Jobs Retention Act.

Sections 66-76:

Creates the Renewable Chemical Production Tax Credit Act.

Sections 77-82:

Creates the Customized Job Training Act.

Sections 83-109:

Creates the Nebraska Transformational Projects Act.

Sections 110-114:

Creates the Nebraska Property Tax Incentive Act.

Sections 115-134:

Sets the minimum amount of relief granted under the Property Tax Credit Act at \$275 million per year.

Disposition at Sine Die:

LB 1107 advanced to General File with AM 3316. LB 1107 passed on Final Reading w/ Emergency Clause, 41-4-4, and was approved by the Governor on August 17, 2020.

LB 1130 (Groene) Change provisions relating to agreements and application deadlines under the Mutual Finance Assistance Act

Introduced Version:

The bill makes certain changes to mutual finance organizations created under the Interlocal Cooperation Act or the Joint Public Agency Act.

The bill would make the following changes to mutual finance agreements:

- The length of the agreements would be three years rather than “at least three years”;
- Require each member rather than “all members” of the organization to levy the same property tax rate for one out of the three years covered rather than one of “every” three years;
- Does not require the members to levy the same tax rate during the same year; and
- Requires the agreement to contain a statement of the agreed-upon maximum property tax rate.

The bill would also change the date of application to the State Treasurer for assistance under the Mutual Finance Assistance Act from July 1 to September 20. The State Treasurer would then be required to notify applicants of approval or denial of the application on or before November 4 rather than August 15.

Funds disbursed by the State Treasurer would still be made in two payments on or before January 20 and May 20 rather than November 1 and May 1. Any money remaining in the fund as of June 20 rather than June 1 would still transferred to the General Fund.

The bill contains the Emergency Clause.

Disposition at Sine Die:

LB 1130 was advanced to General File. LB 1130 passed on Final Reading, 47-0-2, and was approved by the Governor on August 7, 2020.

LB 1175 (Briese) Impose a tax on cash devices under the Mechanical Amusement Device Tax Act

Introduced Version:

The bill would subject “cash devices” to the occupation tax currently levied under the Mechanical Amusement Device tax (“MAD tax”).

A cash device is defined in Neb.Rev.Stat. §77-3001 as:

- (1) Cash device means any mechanical amusement device capable of awarding (a) cash, (b) anything redeemable for cash, (c) gift cards, credit, or other instruments which have a value denominated by reference to an amount of currency, or (d) anything redeemable for anything described in subdivision (c) of this subdivision;

The MAD tax is imposed in addition to any taxes or fees whatsoever imposed by the state and political subdivisions. The current MAD tax is \$35 per device.

Any operator of a device must pay the occupation tax for each device operated during all of the taxable year. The tax is due on January 1. It is unlawful to pay the occupation tax unless the sales or use tax has been paid on the device. For every device put into operation after January 1 that was not included in computing the tax, the tax is due prior to the time the device is placed in operation.

The bill would also impose an additional tax on the gross revenue generated by each device at a rate of 10%. The tax would be due at the beginning of each calendar quarter and like the MAD tax would be unlawful to pay unless the sales or use tax had been paid on the device.

The bill has an operative date of January 1, 2021 and the tax would be due on all devices placed into service on or after the operative date. The MAD tax proceeds are directed to the General Fund. The new occupation tax on cash devices would be directed to the Property Tax Credit Cash Fund.

Disposition at Sine Die:

LB 1175 was not advanced from committee and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LB 1214 (Friesen) Adopt the Rural Economic Development Grant Act

Introduced Version:

The bill creates the Rural Economic Development Grant Act.

Any established or start-up business that creates new jobs or makes new investment in a micropolitan statistical area in the state may apply for grants under the Act. Nonprofits and political subdivisions may also apply to assist businesses in the micropolitan area. A micropolitan area is defined as an area designated as a micropolitan statistical area by the U.S. Office of Management and Budget.

Only applicants who do not qualify for incentives under the “main tax incentive program” in the state may apply for a grant. The program is funded using five percent of the credits used under the main tax incentive program. Taxpayers who use credits under the main program are to remit five percent of the credits used in the prior year no later than January 15 following the end of the prior year to the grant program beginning in 2022.

Applications received after the annual limit of five percent has been reached are to be considered in the following calendar year. The program is to be administered by the Department of Economic Development which shall file a report with the Legislature no later than July 15, 2023 and each July 15 thereafter.

Disposition at Sine Die:

LB 1214 was not advanced from committee and was indefinitely postponed with the end of the legislative session on August 13, 2020.

LB 1220 (Wayne) Authorize High-Wage Jobs and Capital Investment Creation Fund entities

Introduced Version:

The bill creates the High-Wage Jobs and Capital Investment Creation Fund. Entities that qualify as a rural business investment company under 7 U.S.C. 2009cc or a small business investment company under 15 U.S.C. 681, may apply to become a High-Wage Jobs and Capital Investment Creation Fund entity and apply for grants, loans and other types of economic assistance to be invested in a qualified business.

Growth investment means any capital or equity investment in a qualified business or any loan with a stated maturity date of one year after the date of issuance. A secured loan or revolving line of credit is growth investment only if the qualified business applied for and was denied similar financing from a commercial bank.

A qualified businesses must have received at least \$75 million in equity investments as of the date of application and have less than 150 employees. It must be engaged in a business under specified North American Industry Classification System codes at a qualified location that is:

- A census tract in the state with a poverty rate of 20% or greater;
- A census tract in the state with a median family income of 80% or less of that area's median family income;
- A designated opportunity zone in the state; or
- A Nebraska county with fewer than 200,000 inhabitants.

Qualified businesses must also create new full-time high-wage employment positions. The “earned job factor” is divided into factors 1, 2, 3, 4 based on the wage level, which at the lowest factor is 150% of the Nebraska minimum wage plus full benefits of health care, life insurance and paid time off. Factor 4 also includes hiring of veterans, senior citizens, ex-criminal offenders, citizens with disabilities or concurrently enrolled in state assistance programs.

The Fund entities must have made \$75,000,000 in equity investments in nonpublic companies in counties throughout the U.S. with populations of less than 50,000 inhabitants and must have received \$75,000,000 in equity investments from investors who are not affiliates.

The Tax Commissioner is to begin accepting applications 180 days after appropriation of state funds and continue to do so for 10 years. The Fund shall not approve more than \$30 million in investment authority in a calendar year. There is a nonrefundable application fee of \$10,000 and each fund entity is to pay an annual fee of one-half of one percent of its investment authority to the Fund. The grants, loans or other types of economic assistance are to be distributed by the State Treasurer after approval of an application. There are recapture provisions if a fund entity defaults on any of the requirements.

Both the fund entities and the Tax Commissioner have annual reporting requirements.

Disposition at Sine Die:

LB 1220 was not advanced from committee and was indefinitely postponed with the end of the legislative session on August 13, 2020.