

LEGISLATURE OF NEBRASKA  
ONE HUNDRED THIRD LEGISLATURE  
SECOND SESSION

**LEGISLATIVE BILL 721**

Introduced by Janssen, 15; Kintner, 2; Larson, 40.

Read first time January 08, 2014

Committee:

A BILL

1 FOR AN ACT relating to revenue and taxation; to amend sections  
2 77-201, 77-4212, and 77-5023, Reissue Revised Statutes of  
3 Nebraska, sections 77-367, 77-2715.03, and 79-1016,  
4 Revised Statutes Cumulative Supplement, 2012, and section  
5 77-2716, Revised Statutes Supplement, 2013; to change  
6 valuation of agricultural land and horticultural land; to  
7 change provisions relating to Department of Revenue  
8 contracts for finding nonpayers of taxes; to change  
9 income tax rates; to adjust income tax brackets for  
10 inflation; to exempt social security and military  
11 retirement benefits from income taxation; to provide  
12 funding for the Property Tax Credit Act; to harmonize  
13 provisions; to provide operative dates; and to repeal the  
14 original sections.

15 Be it enacted by the people of the State of Nebraska,

1                   Section 1. Section 77-201, Reissue Revised Statutes of  
2 Nebraska, is amended to read:

3                   77-201 (1) Except as provided in subsections (2) through  
4 (4) of this section, all real property in this state, not expressly  
5 exempt therefrom, shall be subject to taxation and shall be valued at  
6 its actual value.

7                   (2) Agricultural land and horticultural land as defined  
8 in section 77-1359 shall constitute a separate and distinct class of  
9 property for purposes of property taxation, shall be subject to  
10 taxation, unless expressly exempt from taxation, and shall be valued  
11 at ~~seventy-five~~ sixty-five percent of its actual value.

12                   (3) Agricultural land and horticultural land actively  
13 devoted to agricultural or horticultural purposes which has value for  
14 purposes other than agricultural or horticultural uses and which  
15 meets the qualifications for special valuation under section 77-1344  
16 shall constitute a separate and distinct class of property for  
17 purposes of property taxation, shall be subject to taxation, and  
18 shall be valued for taxation at ~~seventy-five~~ sixty-five percent of  
19 its special value as defined in section 77-1343.

20                   (4) Historically significant real property which meets  
21 the qualifications for historic rehabilitation valuation under  
22 sections 77-1385 to 77-1394 shall be valued for taxation as provided  
23 in such sections.

24                   (5) Tangible personal property, not including motor  
25 vehicles registered for operation on the highways of this state,

1 shall constitute a separate and distinct class of property for  
2 purposes of property taxation, shall be subject to taxation, unless  
3 expressly exempt from taxation, and shall be valued at its net book  
4 value. Tangible personal property transferred as a gift or devise or  
5 as part of a transaction which is not a purchase shall be subject to  
6 taxation based upon the date the property was acquired by the  
7 previous owner and at the previous owner's Nebraska adjusted basis.  
8 Tangible personal property acquired as replacement property for  
9 converted property shall be subject to taxation based upon the date  
10 the converted property was acquired and at the Nebraska adjusted  
11 basis of the converted property unless insurance proceeds are payable  
12 by reason of the conversion. For purposes of this subsection, (a)  
13 converted property means tangible personal property which is  
14 compulsorily or involuntarily converted as a result of its  
15 destruction in whole or in part, theft, seizure, requisition, or  
16 condemnation, or the threat or imminence thereof, and no gain or loss  
17 is recognized for federal or state income tax purposes by the holder  
18 of the property as a result of the conversion and (b) replacement  
19 property means tangible personal property acquired within two years  
20 after the close of the calendar year in which tangible personal  
21 property was converted and which is, except for date of construction  
22 or manufacture, substantially the same as the converted property.

23           Sec. 2. Section 77-367, Revised Statutes Cumulative  
24 Supplement, 2012, is amended to read:

25           77-367 (1) The Department of Revenue ~~may~~shall contract

1 to procure products and services to develop, deploy, or administer  
2 systems or programs which identify nonfilers of returns,  
3 underreporters, or nonpayers of taxes administered by the department  
4 or improper or fraudulent payments made through programs administered  
5 by the department. Fees for services, reimbursements, costs incurred  
6 by the department, or other remuneration may be funded from the  
7 amount of tax, penalty, interest, or other recovery actually  
8 collected and shall be paid only after the amount is collected. The  
9 Legislature intends to appropriate an amount from the tax, penalty,  
10 interest, and other recovery actually collected, not to exceed the  
11 amount collected, which is sufficient to pay for services,  
12 reimbursements, costs incurred by the department, or other  
13 remuneration pursuant to this section. Vendors entering into a  
14 contract with the department pursuant to this section are subject to  
15 the requirements and penalties of the confidentiality laws of this  
16 state regarding tax information.

17 (2) Ten percent of all proceeds received during each  
18 calendar year due to the contracts entered into pursuant to this  
19 section shall be deposited in the Department of Revenue Enforcement  
20 Fund for purposes of identifying nonfilers, underreporters,  
21 nonpayers, and improper or fraudulent payments.

22 (3) The Tax Commissioner shall submit electronically an  
23 annual report to the Revenue Committee of the Legislature and  
24 Appropriations Committee of the Legislature on the amount of dollars  
25 generated during the previous fiscal year pursuant to this section.

1                   Sec. 3. Section 77-2715.03, Revised Statutes Cumulative  
2 Supplement, 2012, is amended to read:

3                   77-2715.03 (1) For taxable years beginning or deemed to  
4 begin on or after January 1, 2013, and before January 1, 2014, the  
5 following brackets and rates are hereby established for the Nebraska  
6 individual income tax:

7                   Individual Income Tax Brackets and Rates

8 Bracket	Single	Married,	Head of	Married,	Estates	Tax
9 Number	Individuals	Filing	Household	Filing	and	Rate
		Jointly		Separate	Trusts	
11       1	\$0-2,399	\$0-4,799	\$0-4,499	\$0-2,399	\$0-499	2.46%
12       2	\$2,400-	\$4,800-	\$4,500-	\$2,400-	\$500-	
13	17,499	34,999	27,999	17,499	4,699	3.51%
14       3	\$17,500-	\$35,000-	\$28,000-	\$17,500-	\$4,700-	
15	26,999	53,999	39,999	26,999	15,149	5.01%
16       4	\$27,000	\$54,000	\$40,000	\$27,000	\$15,150	
17	and Over	and Over	and Over	and Over	and Over	6.84%

18                   (2) For taxable years beginning or deemed to begin on or  
19 after January 1, 2014, the following brackets and rates are hereby  
20 established for the Nebraska individual income tax:

21                   ~~Individual Income Tax Brackets and Rates~~

22 Bracket	Single	Married,	Head of	Married,	Estates	Tax
23 Number	Individuals	Filing	Household	Filing	and	Rate

1			Jointly		Separate	Trusts	
2	1	<del>\$0-2,999</del>	<del>\$0-5,999</del>	<del>\$0-5,599</del>	<del>\$0-2,999</del>	<del>\$0-499</del>	2.46%
3	2	<del>\$3,000-</del>	<del>\$6,000-</del>	<del>\$5,600-</del>	<del>\$3,000-</del>	<del>\$500-</del>	
4		17,999	35,999	28,799	17,999	4,699	3.51%
5	3	<del>\$18,000-</del>	<del>\$36,000-</del>	<del>\$28,800-</del>	<del>\$18,000-</del>	<del>\$4,700-</del>	
6		28,999	57,999	42,999	28,999	15,149	5.01%
7	4	<del>\$29,000</del>	<del>\$58,000</del>	<del>\$43,000</del>	<del>\$29,000</del>	<del>\$15,150</del>	
8		and Over	and Over	and Over	and Over	and Over	6.84%

Individual Income Tax Brackets and Rates

10							<u>Taxable</u>
11	<u>Bracket</u>	<u>Single</u>	<u>Taxable</u>	<u>Taxable</u>	<u>Taxable</u>	<u>Taxable</u>	<u>Year</u>
12	<u>Number</u>	<u>Individuals</u>	<u>Year</u>	<u>Year</u>	<u>Year</u>	<u>Year</u>	<u>2018 and</u>
13			<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>Thereafter</u>
14	<u>1</u>	<u>\$0-2,999</u>	<u>2.46%</u>	<u>2.44%</u>	<u>2.42%</u>	<u>2.13%</u>	<u>1.96%</u>
15	<u>2</u>	<u>\$3,000-17,999</u>	<u>3.51%</u>	<u>3.49%</u>	<u>3.47%</u>	<u>3.02%</u>	<u>2.78%</u>
16	<u>3</u>	<u>\$18,000-28,999</u>	<u>5.01%</u>	<u>4.99%</u>	<u>4.97%</u>	<u>4.37%</u>	<u>4.02%</u>
17	<u>4</u>	<u>\$29,000 and Over</u>	<u>6.84%</u>	<u>6.82%</u>	<u>6.80%</u>	<u>5.99%</u>	<u>5.50%</u>

18							
19							<u>Taxable</u>
20	<u>Bracket</u>	<u>Married, Filing</u>	<u>Taxable</u>	<u>Taxable</u>	<u>Taxable</u>	<u>Taxable</u>	<u>Year</u>
21	<u>Number</u>	<u>Jointly</u>	<u>Year</u>	<u>Year</u>	<u>Year</u>	<u>Year</u>	<u>2018 and</u>

1			<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>Thereafter</u>
2	<u>1</u>	<u>\$0-5,999</u>	<u>2.46%</u>	<u>2.44%</u>	<u>2.42%</u>	<u>2.13%</u>	<u>1.96%</u>
3	<u>2</u>	<u>\$6,000-35,999</u>	<u>3.51%</u>	<u>3.49%</u>	<u>3.47%</u>	<u>3.02%</u>	<u>2.78%</u>
4	<u>3</u>	<u>\$36,000-57,999</u>	<u>5.01%</u>	<u>4.99%</u>	<u>4.97%</u>	<u>4.37%</u>	<u>4.02%</u>
5	<u>4</u>	<u>\$58,000 and Over</u>	<u>6.84%</u>	<u>6.82%</u>	<u>6.80%</u>	<u>5.99%</u>	<u>5.50%</u>
6							
7							<u>Taxable</u>
8	<u>Bracket</u>	<u>Head of</u>	<u>Taxable</u>	<u>Taxable</u>	<u>Taxable</u>	<u>Taxable</u>	<u>Year</u>
9	<u>Number</u>	<u>Household</u>	<u>Year</u>	<u>Year</u>	<u>Year</u>	<u>Year</u>	<u>2018 and</u>
10			<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>Thereafter</u>
11	<u>1</u>	<u>\$0-5,599</u>	<u>2.46%</u>	<u>2.44%</u>	<u>2.42%</u>	<u>2.13%</u>	<u>1.96%</u>
12	<u>2</u>	<u>\$5,600-28,799</u>	<u>3.51%</u>	<u>3.49%</u>	<u>3.47%</u>	<u>3.02%</u>	<u>2.78%</u>
13	<u>3</u>	<u>\$28,800-42,999</u>	<u>5.01%</u>	<u>4.99%</u>	<u>4.97%</u>	<u>4.37%</u>	<u>4.02%</u>
14	<u>4</u>	<u>\$43,000 and Over</u>	<u>6.84%</u>	<u>6.82%</u>	<u>6.80%</u>	<u>5.99%</u>	<u>5.50%</u>
15							
16							<u>Taxable</u>
17	<u>Bracket</u>	<u>Married, Filing</u>	<u>Taxable</u>	<u>Taxable</u>	<u>Taxable</u>	<u>Taxable</u>	<u>Year</u>
18	<u>Number</u>	<u>Separate</u>	<u>Year</u>	<u>Year</u>	<u>Year</u>	<u>Year</u>	<u>2018 and</u>
19			<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>Thereafter</u>
20	<u>1</u>	<u>\$0-2,999</u>	<u>2.46%</u>	<u>2.44%</u>	<u>2.42%</u>	<u>2.13%</u>	<u>1.96%</u>
21	<u>2</u>	<u>\$3,000-17,999</u>	<u>3.51%</u>	<u>3.49%</u>	<u>3.47%</u>	<u>3.02%</u>	<u>2.78%</u>

1	<u>3</u>	<u>\$18,000-28,999</u>	<u>5.01%</u>	<u>4.99%</u>	<u>4.97%</u>	<u>4.37%</u>	<u>4.02%</u>
2	<u>4</u>	<u>\$29,000 and Over</u>	<u>6.84%</u>	<u>6.82%</u>	<u>6.80%</u>	<u>5.99%</u>	<u>5.50%</u>
3							
4						<u>Taxable</u>	
5	<u>Bracket</u>	<u>Estates and</u>	<u>Taxable</u>	<u>Taxable</u>	<u>Taxable</u>	<u>Taxable</u>	<u>Year</u>
6	<u>Number</u>	<u>Trusts</u>	<u>Year</u>	<u>Year</u>	<u>Year</u>	<u>Year</u>	<u>2018 and</u>
7			<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>Thereafter</u>
8	<u>1</u>	<u>\$0-499</u>	<u>2.46%</u>	<u>2.44%</u>	<u>2.42%</u>	<u>2.13%</u>	<u>1.96%</u>
9	<u>2</u>	<u>\$500-4,699</u>	<u>3.51%</u>	<u>3.49%</u>	<u>3.47%</u>	<u>3.02%</u>	<u>2.78%</u>
10	<u>3</u>	<u>\$4,700-15,149</u>	<u>5.01%</u>	<u>4.99%</u>	<u>4.97%</u>	<u>4.37%</u>	<u>4.02%</u>
11	<u>4</u>	<u>\$15,150 and Over</u>	<u>6.84%</u>	<u>6.82%</u>	<u>6.80%</u>	<u>5.99%</u>	<u>5.50%</u>

12 (3) For taxable years beginning or deemed to begin on or  
 13 after January 1, 2015, the minimum and maximum dollar amounts for  
 14 each tax bracket provided in subsection (2) of this section shall be  
 15 adjusted for inflation by the method provided in section 151 of the  
 16 Internal Revenue Code of 1986, as amended.

17 (3)—(4) Whenever the tax brackets or tax rates are  
 18 changed by the Legislature or adjusted for inflation pursuant to  
 19 subsection (3) of this section, the Tax Commissioner shall update the  
 20 tax rate schedules to reflect the new tax brackets or tax rates and  
 21 shall publish such updated schedules.

22 (4)—(5) The Tax Commissioner shall prepare, from the rate  
 23 schedules, tax tables which can be used by a majority of the



1 taxpayers to determine their Nebraska tax liability. The design of  
2 the tax tables shall be determined by the Tax Commissioner. The size  
3 of the tax table brackets may change as the level of income changes.  
4 The difference in tax between two tax table brackets shall not exceed  
5 fifteen dollars. The Tax Commissioner may build the personal  
6 exemption credit and standard deduction amounts into the tax tables.

7 ~~(5)-(6)~~ For taxable years beginning or deemed to begin on  
8 or after January 1, 2013, the tax rate applied to other federal taxes  
9 included in the computation of the Nebraska individual income tax  
10 shall be 29.6 percent.

11 ~~(6)-(7)~~ The Tax Commissioner may require by rule and  
12 regulation that all taxpayers shall use the tax tables if their  
13 income is less than the maximum income included in the tax tables.

14 Sec. 4. Section 77-2716, Revised Statutes Supplement,  
15 2013, is amended to read:

16 77-2716 (1) The following adjustments to federal adjusted  
17 gross income or, for corporations and fiduciaries, federal taxable  
18 income shall be made for interest or dividends received:

19 (a) There shall be subtracted interest or dividends  
20 received by the owner of obligations of the United States and its  
21 territories and possessions or of any authority, commission, or  
22 instrumentality of the United States to the extent includable in  
23 gross income for federal income tax purposes but exempt from state  
24 income taxes under the laws of the United States;

25 (b) There shall be subtracted that portion of the total

1 dividends and other income received from a regulated investment  
2 company which is attributable to obligations described in subdivision  
3 (a) of this subsection as reported to the recipient by the regulated  
4 investment company;

5 (c) There shall be added interest or dividends received  
6 by the owner of obligations of the District of Columbia, other states  
7 of the United States, or their political subdivisions, authorities,  
8 commissions, or instrumentalities to the extent excluded in the  
9 computation of gross income for federal income tax purposes except  
10 that such interest or dividends shall not be added if received by a  
11 corporation which is a regulated investment company;

12 (d) There shall be added that portion of the total  
13 dividends and other income received from a regulated investment  
14 company which is attributable to obligations described in subdivision  
15 (c) of this subsection and excluded for federal income tax purposes  
16 as reported to the recipient by the regulated investment company; and

17 (e)(i) Any amount subtracted under this subsection shall  
18 be reduced by any interest on indebtedness incurred to carry the  
19 obligations or securities described in this subsection or the  
20 investment in the regulated investment company and by any expenses  
21 incurred in the production of interest or dividend income described  
22 in this subsection to the extent that such expenses, including  
23 amortizable bond premiums, are deductible in determining federal  
24 taxable income.

25 (ii) Any amount added under this subsection shall be

1 reduced by any expenses incurred in the production of such income to  
2 the extent disallowed in the computation of federal taxable income.

3 (2) There shall be allowed a net operating loss derived  
4 from or connected with Nebraska sources computed under rules and  
5 regulations adopted and promulgated by the Tax Commissioner  
6 consistent, to the extent possible under the Nebraska Revenue Act of  
7 1967, with the laws of the United States. For a resident individual,  
8 estate, or trust, the net operating loss computed on the federal  
9 income tax return shall be adjusted by the modifications contained in  
10 this section. For a nonresident individual, estate, or trust or for a  
11 partial-year resident individual, the net operating loss computed on  
12 the federal return shall be adjusted by the modifications contained  
13 in this section and any carryovers or carrybacks shall be limited to  
14 the portion of the loss derived from or connected with Nebraska  
15 sources.

16 (3) There shall be subtracted from federal adjusted gross  
17 income for all taxable years beginning on or after January 1, 1987,  
18 the amount of any state income tax refund to the extent such refund  
19 was deducted under the Internal Revenue Code, was not allowed in the  
20 computation of the tax due under the Nebraska Revenue Act of 1967,  
21 and is included in federal adjusted gross income.

22 (4) Federal adjusted gross income, or, for a fiduciary,  
23 federal taxable income shall be modified to exclude the portion of  
24 the income or loss received from a small business corporation with an  
25 election in effect under subchapter S of the Internal Revenue Code or

1 from a limited liability company organized pursuant to the Nebraska  
2 Uniform Limited Liability Company Act that is not derived from or  
3 connected with Nebraska sources as determined in section 77-2734.01.

4 (5) There shall be subtracted from federal adjusted gross  
5 income or, for corporations and fiduciaries, federal taxable income  
6 dividends received or deemed to be received from corporations which  
7 are not subject to the Internal Revenue Code.

8 (6) There shall be subtracted from federal taxable income  
9 a portion of the income earned by a corporation subject to the  
10 Internal Revenue Code of 1986 that is actually taxed by a foreign  
11 country or one of its political subdivisions at a rate in excess of  
12 the maximum federal tax rate for corporations. The taxpayer may make  
13 the computation for each foreign country or for groups of foreign  
14 countries. The portion of the taxes that may be deducted shall be  
15 computed in the following manner:

16 (a) The amount of federal taxable income from operations  
17 within a foreign taxing jurisdiction shall be reduced by the amount  
18 of taxes actually paid to the foreign jurisdiction that are not  
19 deductible solely because the foreign tax credit was elected on the  
20 federal income tax return;

21 (b) The amount of after-tax income shall be divided by  
22 one minus the maximum tax rate for corporations in the Internal  
23 Revenue Code; and

24 (c) The result of the calculation in subdivision (b) of  
25 this subsection shall be subtracted from the amount of federal

1 taxable income used in subdivision (a) of this subsection. The result  
2 of such calculation, if greater than zero, shall be subtracted from  
3 federal taxable income.

4 (7) Federal adjusted gross income shall be modified to  
5 exclude any amount repaid by the taxpayer for which a reduction in  
6 federal tax is allowed under section 1341(a)(5) of the Internal  
7 Revenue Code.

8 (8)(a) Federal adjusted gross income or, for corporations  
9 and fiduciaries, federal taxable income shall be reduced, to the  
10 extent included, by income from interest, earnings, and state  
11 contributions received from the Nebraska educational savings plan  
12 trust created in sections 85-1801 to 85-1814.

13 (b) Federal adjusted gross income or, for corporations  
14 and fiduciaries, federal taxable income shall be reduced by any  
15 contributions as a participant in the Nebraska educational savings  
16 plan trust, to the extent not deducted for federal income tax  
17 purposes, but not to exceed five thousand dollars per married filing  
18 separate return or ten thousand dollars for any other return. With  
19 respect to a qualified rollover within the meaning of section 529 of  
20 the Internal Revenue Code from another state's plan, any interest,  
21 earnings, and state contributions received from the other state's  
22 educational savings plan which is qualified under section 529 of the  
23 code shall qualify for the reduction provided in this subdivision.  
24 For contributions by a custodian of a custodial account including  
25 rollovers from another custodial account, the reduction shall only

1 apply to funds added to the custodial account after January 1, 2014.

2 (c) Federal adjusted gross income or, for corporations  
3 and fiduciaries, federal taxable income shall be increased by the  
4 amount resulting from the cancellation of a participation agreement  
5 refunded to the taxpayer as a participant in the Nebraska educational  
6 savings plan trust to the extent previously deducted as a  
7 contribution to the trust.

8 (9)(a) For income tax returns filed after September 10,  
9 2001, for taxable years beginning or deemed to begin before January  
10 1, 2006, under the Internal Revenue Code of 1986, as amended, federal  
11 adjusted gross income or, for corporations and fiduciaries, federal  
12 taxable income shall be increased by eighty-five percent of any  
13 amount of any federal bonus depreciation received under the federal  
14 Job Creation and Worker Assistance Act of 2002 or the federal Jobs  
15 and Growth Tax Act of 2003, under section 168(k) or section 1400L of  
16 the Internal Revenue Code of 1986, as amended, for assets placed in  
17 service after September 10, 2001, and before December 31, 2005.

18 (b) For a partnership, limited liability company,  
19 cooperative, including any cooperative exempt from income taxes under  
20 section 521 of the Internal Revenue Code of 1986, as amended, limited  
21 cooperative association, subchapter S corporation, or joint venture,  
22 the increase shall be distributed to the partners, members,  
23 shareholders, patrons, or beneficiaries in the same manner as income  
24 is distributed for use against their income tax liabilities.

25 (c) For a corporation with a unitary business having

1 activity both inside and outside the state, the increase shall be  
2 apportioned to Nebraska in the same manner as income is apportioned  
3 to the state by section 77-2734.05.

4 (d) The amount of bonus depreciation added to federal  
5 adjusted gross income or, for corporations and fiduciaries, federal  
6 taxable income by this subsection shall be subtracted in a later  
7 taxable year. Twenty percent of the total amount of bonus  
8 depreciation added back by this subsection for tax years beginning or  
9 deemed to begin before January 1, 2003, under the Internal Revenue  
10 Code of 1986, as amended, may be subtracted in the first taxable year  
11 beginning or deemed to begin on or after January 1, 2005, under the  
12 Internal Revenue Code of 1986, as amended, and twenty percent in each  
13 of the next four following taxable years. Twenty percent of the total  
14 amount of bonus depreciation added back by this subsection for tax  
15 years beginning or deemed to begin on or after January 1, 2003, may  
16 be subtracted in the first taxable year beginning or deemed to begin  
17 on or after January 1, 2006, under the Internal Revenue Code of 1986,  
18 as amended, and twenty percent in each of the next four following  
19 taxable years.

20 (10) For taxable years beginning or deemed to begin on or  
21 after January 1, 2003, and before January 1, 2006, under the Internal  
22 Revenue Code of 1986, as amended, federal adjusted gross income or,  
23 for corporations and fiduciaries, federal taxable income shall be  
24 increased by the amount of any capital investment that is expensed  
25 under section 179 of the Internal Revenue Code of 1986, as amended,

1 that is in excess of twenty-five thousand dollars that is allowed  
2 under the federal Jobs and Growth Tax Act of 2003. Twenty percent of  
3 the total amount of expensing added back by this subsection for tax  
4 years beginning or deemed to begin on or after January 1, 2003, may  
5 be subtracted in the first taxable year beginning or deemed to begin  
6 on or after January 1, 2006, under the Internal Revenue Code of 1986,  
7 as amended, and twenty percent in each of the next four following tax  
8 years.

9 (11)(a) Federal adjusted gross income shall be reduced by  
10 contributions, up to two thousand dollars per married filing jointly  
11 return or one thousand dollars for any other return, and any  
12 investment earnings made as a participant in the Nebraska long-term  
13 care savings plan under the Long-Term Care Savings Plan Act, to the  
14 extent not deducted for federal income tax purposes.

15 (b) Federal adjusted gross income shall be increased by  
16 the withdrawals made as a participant in the Nebraska long-term care  
17 savings plan under the act by a person who is not a qualified  
18 individual or for any reason other than transfer of funds to a  
19 spouse, long-term care expenses, long-term care insurance premiums,  
20 or death of the participant, including withdrawals made by reason of  
21 cancellation of the participation agreement or termination of the  
22 plan, to the extent previously deducted as a contribution or as  
23 investment earnings.

24 (12) There shall be added to federal adjusted gross  
25 income for individuals, estates, and trusts any amount taken as a



1 credit for franchise tax paid by a financial institution under  
2 sections 77-3801 to 77-3807 as allowed by subsection (5) of section  
3 77-2715.07.

4 (13) For taxable years beginning or deemed to begin on or  
5 after January 1, 2015, under the Internal Revenue Code of 1986, as  
6 amended, federal adjusted gross income shall be reduced by the amount  
7 received as benefits under the federal Social Security Act which are  
8 included in the federal adjusted gross income.

9 (14) For taxable years beginning or deemed to begin on or  
10 after January 1, 2015, under the Internal Revenue Code of 1986, as  
11 amended, federal adjusted gross income shall be modified to exclude  
12 income received as a military retirement benefit by an individual to  
13 the extent included in federal adjusted gross income. For purposes of  
14 this subsection, military retirement benefit means retirement  
15 benefits that are periodic payments attributable to service in the  
16 uniformed services of the United States for personal services  
17 performed by an individual prior to his or her retirement.

18 Sec. 5. Section 77-4212, Reissue Revised Statutes of  
19 Nebraska, is amended to read:

20 77-4212 (1) For tax year ~~2007, 2014,~~ the amount of relief  
21 granted under the Property Tax Credit Act shall be one hundred ~~five~~  
22 ~~fifty~~ million dollars. ~~For tax year 2008, the amount of relief~~  
23 ~~granted under the act shall be one hundred fifteen million dollars.~~  
24 It is the intent of the Legislature to fund the Property Tax Credit  
25 Act for tax years after tax year ~~2008-2014~~ using available revenue.

1 The relief shall be in the form of a property tax credit which  
2 appears on the property tax statement.

3 (2) To determine the amount of the property tax credit,  
4 the county treasurer shall multiply the amount disbursed to the  
5 county under subsection (4) of this section by the ratio of the real  
6 property valuation of the parcel to the total real property valuation  
7 in the county. The amount determined shall be the property tax credit  
8 for the property.

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

20 (4) The amount disbursed to each county shall be equal to  
21 the amount available for disbursement determined under subsection (1)  
22 of this section multiplied by the ratio of the real property  
23 valuation in the county to the real property valuation in the state.  
24 By September 15, the Property Tax Administrator shall determine the  
25 amount to be disbursed under this subsection to each county and

1 certify such amounts to the State Treasurer and to each county. The  
2 disbursements to the counties shall occur in two equal payments, the  
3 first on or before January 31 and the second on or before April 1.  
4 After retaining one percent of the receipts for costs, the county  
5 treasurer shall allocate the remaining receipts to each taxing unit  
6 levying taxes on taxable property in the tax district in which the  
7 real property is located in the same proportion that the levy of such  
8 taxing unit bears to the total levy on taxable property of all the  
9 taxing units in the tax district in which the real property is  
10 located.

11 (5) The State Treasurer shall transfer from the General  
12 Fund to the Property Tax Credit Cash Fund one hundred ~~five~~fifty  
13 million dollars by August 1, 2007, ~~and one hundred fifteen million~~  
14 ~~dollars by August 1, 2008.~~ 2014.

15 (6) The Legislature shall have the power to transfer  
16 funds from the Property Tax Credit Cash Fund to the General Fund.

17 Sec. 6. Section 77-5023, Reissue Revised Statutes of  
18 Nebraska, is amended to read:

19 77-5023 (1) Pursuant to section 77-5022, the commission  
20 shall have the power to increase or decrease the value of a class or  
21 subclass of real property in any county or taxing authority or of  
22 real property valued by the state so that all classes or subclasses  
23 of real property in all counties fall within an acceptable range.

24 (2) An acceptable range is the percentage of variation  
25 from a standard for valuation as measured by an established indicator

1 of central tendency of assessment. Acceptable ranges are: (a) For  
2 agricultural land and horticultural land as defined in section  
3 77-1359, ~~sixty-nine to seventy-five~~ fifty-nine to sixty-five percent  
4 of actual value; (b) for lands receiving special valuation, ~~sixty-~~  
5 ~~nine to seventy-five~~ fifty-nine to sixty-five percent of special  
6 valuation as defined in section 77-1343; and (c) for all other real  
7 property, ninety-two to one hundred percent of actual value.

8 (3) Any increase or decrease shall cause the level of  
9 value determined by the commission to be at the midpoint of the  
10 applicable acceptable range.

11 (4) Any decrease or increase to a subclass of property  
12 shall also cause the level of value determined by the commission for  
13 the class from which the subclass is drawn to be within the  
14 applicable acceptable range.

15 (5) Whether or not the level of value determined by the  
16 commission falls within an acceptable range or at the midpoint of an  
17 acceptable range may be determined to a reasonable degree of  
18 certainty relying upon generally accepted mass appraisal techniques.

19 Sec. 7. Section 79-1016, Revised Statutes Cumulative  
20 Supplement, 2012, is amended to read:

21 79-1016 (1) On or before August 25, the county assessor  
22 shall certify to the Property Tax Administrator the total taxable  
23 value by school district in the county for the current assessment  
24 year on forms prescribed by the Tax Commissioner. The county assessor  
25 may amend the filing for changes made to the taxable valuation of the

1 school district in the county if corrections or errors on the  
2 original certification are discovered. Amendments shall be certified  
3 to the Property Tax Administrator on or before September 30.

4 (2) On or before October 10, the Property Tax  
5 Administrator shall compute and certify to the State Department of  
6 Education the adjusted valuation for the current assessment year for  
7 each class of property in each school district and each local system.  
8 The adjusted valuation of property for each school district and each  
9 local system, for purposes of determining state aid pursuant to the  
10 Tax Equity and Educational Opportunities Support Act, shall reflect  
11 as nearly as possible state aid value as defined in subsection (3) of  
12 this section. The Property Tax Administrator shall notify each school  
13 district and each local system of its adjusted valuation for the  
14 current assessment year by class of property on or before October 10.  
15 Establishment of the adjusted valuation shall be based on the taxable  
16 value certified by the county assessor for each school district in  
17 the county adjusted by the determination of the level of value for  
18 each school district from an analysis of the comprehensive assessment  
19 ratio study or other studies developed by the Property Tax  
20 Administrator, in compliance with professionally accepted mass  
21 appraisal techniques, as required by section 77-1327. The Tax  
22 Commissioner shall adopt and promulgate rules and regulations setting  
23 forth standards for the determination of level of value for state aid  
24 purposes.

25 (3) For purposes of this section, state aid value means:

1           (a) For real property other than agricultural and  
2 horticultural land, ninety-six percent of actual value;

3           (b) For agricultural and horticultural land, ~~seventy-two~~  
4 sixty-two percent of actual value as provided in sections 77-1359 ~~to~~  
5 and 77-1363. For agricultural and horticultural land that receives  
6 special valuation pursuant to section 77-1344, ~~seventy-two~~ sixty-two  
7 percent of special valuation as defined in section 77-1343; and

8           (c) For personal property, the net book value as defined  
9 in section 77-120.

10           (4) On or before November 10, any local system may file  
11 with the Tax Commissioner written objections to the adjusted  
12 valuations prepared by the Property Tax Administrator, stating the  
13 reasons why such adjusted valuations are not the valuations required  
14 by subsection (3) of this section. The Tax Commissioner shall fix a  
15 time for a hearing. Either party shall be permitted to introduce any  
16 evidence in reference thereto. On or before January 1, the Tax  
17 Commissioner shall enter a written order modifying or declining to  
18 modify, in whole or in part, the adjusted valuations and shall  
19 certify the order to the State Department of Education. Modification  
20 by the Tax Commissioner shall be based upon the evidence introduced  
21 at hearing and shall not be limited to the modification requested in  
22 the written objections or at hearing. A copy of the written order  
23 shall be mailed to the local system within seven days after the date  
24 of the order. The written order of the Tax Commissioner may be  
25 appealed within thirty days after the date of the order to the Tax

1 Equalization and Review Commission in accordance with section  
2 77-5013.

3 (5) On or before November 10, any local system or county  
4 official may file with the Tax Commissioner a written request for a  
5 nonappealable correction of the adjusted valuation due to clerical  
6 error as defined in section 77-128 or, for agricultural and  
7 horticultural land, assessed value changes by reason of land  
8 qualified or disqualified for special use valuation pursuant to  
9 sections 77-1343 to 77-1347.01. On or before the following January 1,  
10 the Tax Commissioner shall approve or deny the request and, if  
11 approved, certify the corrected adjusted valuations resulting from  
12 such action to the State Department of Education.

13 (6) On or before May 31 of the year following the  
14 certification of adjusted valuation pursuant to subsection (2) of  
15 this section, any local system or county official may file with the  
16 Tax Commissioner a written request for a nonappealable correction of  
17 the adjusted valuation due to changes to the tax list that change the  
18 assessed value of taxable property. Upon the filing of the written  
19 request, the Tax Commissioner shall require the county assessor to  
20 recertify the taxable valuation by school district in the county on  
21 forms prescribed by the Tax Commissioner. The recertified valuation  
22 shall be the valuation that was certified on the tax list, pursuant  
23 to section 77-1613, increased or decreased by changes to the tax list  
24 that change the assessed value of taxable property in the school  
25 district in the county in the prior assessment year. On or before the

1 following July 31, the Tax Commissioner shall approve or deny the  
2 request and, if approved, certify the corrected adjusted valuations  
3 resulting from such action to the State Department of Education.

4 (7) No injunction shall be granted restraining the  
5 distribution of state aid based upon the adjusted valuations pursuant  
6 to this section.

7 (8) A school district whose state aid is to be calculated  
8 pursuant to subsection (5) of this section and whose state aid  
9 payment is postponed as a result of failure to calculate state aid  
10 pursuant to such subsection may apply to the state board for lump-sum  
11 payment of such postponed state aid. Such application may be for any  
12 amount up to one hundred percent of the postponed state aid. The  
13 state board may grant the entire amount applied for or any portion of  
14 such amount. The state board shall notify the Director of  
15 Administrative Services of the amount of funds to be paid in a lump  
16 sum and the reduced amount of the monthly payments. The Director of  
17 Administrative Services shall, at the time of the next state aid  
18 payment made pursuant to section 79-1022, draw a warrant for the  
19 lump-sum amount from appropriated funds and forward such warrant to  
20 the district.

21 Sec. 8. Sections 1, 6, 7, and 9 of this act become  
22 operative on January 1, 2015. The other sections of this act become  
23 operative on their effective date.

24 Sec. 9. Original sections 77-201 and 77-5023, Reissue  
25 Revised Statutes of Nebraska, and section 79-1016, Revised Statutes



1 Cumulative Supplement, 2012, are repealed.

2                   Sec. 10. Original section 77-4212, Reissue Revised  
3 Statutes of Nebraska, sections 77-367 and 77-2715.03, Revised  
4 Statutes Cumulative Supplement, 2012, and section 77-2716, Revised  
5 Statutes Supplement, 2013, are repealed.