

LEGISLATURE OF NEBRASKA  
ONE HUNDRED SIXTH LEGISLATURE  
SECOND SESSION

**LEGISLATIVE BILL 1213**

Introduced by Hansen, B., 16.

Read first time January 23, 2020

Committee:

1 A BILL FOR AN ACT relating to government; to amend sections 2-2701,  
2 77-201, 77-382, 77-1391, 77-1601, 77-1776, 77-2004, 77-2701.02,  
3 77-2704.10, 77-2704.24, 77-2704.30, 77-2704.50, 77-2704.51,  
4 77-2715.03, 77-27,132, 77-3005, and 77-5023, Reissue Revised  
5 Statutes of Nebraska, section 79-1001, Revised Statutes Cumulative  
6 Supplement, 2018, and sections 77-1601.02 and 77-2701.16, Revised  
7 Statutes Supplement, 2019; to change the valuation of real property;  
8 to adopt the Property Tax Request Act; to change an inheritance tax  
9 rate; to change the sales tax rate; to change and eliminate certain  
10 sales and use tax exemptions; to impose sales and use tax on certain  
11 services; to change individual income tax rates; to terminate the  
12 Tax Equity and Educational Opportunities Support Act; to adopt the  
13 New School Aid Act; to harmonize provisions; to provide an operative  
14 date; to repeal the original sections; to outright repeal sections  
15 77-2704.07, 77-2704.27, 77-2704.36, 77-2704.65, and 77-2704.67,  
16 Reissue Revised Statutes of Nebraska; and to declare an emergency.  
17 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 2-2701, Reissue Revised Statutes of Nebraska, is  
2 amended to read:

3 2-2701 (1) No person shall be permitted to sell or dispose of any  
4 current tractor model of one hundred or more horsepower in the State of  
5 Nebraska without first having (a) made application for a permit and  
6 obtained a permit to sell the tractor model, (b) the model tested by the  
7 University of Nebraska onsite or offsite or by any Organization for  
8 Economic Cooperation and Development test station, and (c) the model  
9 passed upon by the board.

10 (2) A person may obtain a permit to sell or dispose of a current  
11 tractor model of less than one hundred horsepower by meeting the permit  
12 requirements of sections 2-2701 to 2-2711. ~~A purchaser of a current~~  
13 ~~tractor model is not eligible to claim the exemption from sales and use~~  
14 ~~tax for agricultural machinery and equipment under section 77-2704.36~~  
15 ~~unless the current tractor model has been permitted for sale pursuant to~~  
16 ~~sections 2-2701 to 2-2711.~~

17 (3) Each and every tractor model presented for testing shall be a  
18 stock model and shall not be equipped with any special accessory unless  
19 regularly supplied to the trade. Any tractor model not complying with  
20 this section shall not be tested under sections 2-2701 to 2-2711.  
21 Applications shall be made to the board and shall be accompanied by  
22 specifications of the tractor model required by the board and by the  
23 applicable fees specified in sections 2-2705 and 2-2705.01.

24 (4) If an official test application, with the required  
25 specifications and fees, is submitted to any Organization for Economic  
26 Cooperation and Development test station or to the University of Nebraska  
27 and an application for a temporary permit and the fee prescribed in  
28 section 2-2705.01 are submitted, the department, with the approval of the  
29 board, may issue a temporary permit for the sale of the tractor model  
30 specified in the official test application. The date on which the  
31 temporary permit terminates shall be fixed by the board. All temporary

1 permits shall be conditioned upon such tractor model being tested at a  
2 mutually agreed-upon date, and the person to whom a temporary permit has  
3 been issued shall submit a tractor model for testing which conforms to  
4 the specifications filed with the official test application. Such tractor  
5 model shall be delivered for testing at the mutually agreed-upon date.  
6 Upon failure so to do, all such fees deposited by such person shall be  
7 forfeited to the University of Nebraska Tractor Test Cash Fund, except  
8 that the fee imposed in section 2-2705.01 shall be deposited in and  
9 forfeited to the Tractor Permit Cash Fund, and in addition such person  
10 shall not be issued any temporary permit for a period of five years from  
11 the date such tractor was to be delivered for testing and until such  
12 person meets the obligations required under subsection (5) of this  
13 section to the department's satisfaction.

14 (5) All sales of tractors upon which a temporary permit has been  
15 issued shall be made subject to the final official test and approval of  
16 the tractor model as follows:

17 (a) If a tractor model upon which a temporary permit has been issued  
18 was not submitted for the official test and approval on the mutually  
19 agreed-upon date, the person to whom the temporary permit was issued  
20 shall repurchase any such tractor sold in Nebraska under the temporary  
21 permit. A claim by a purchaser under this subdivision shall be brought  
22 within two years after the date of the expiration of the temporary  
23 permit; and

24 (b) If a tractor model upon which a temporary permit has been issued  
25 fails in the official test to meet the specifications of the tractor  
26 model which were filed with the application and fees, the person to whom  
27 the temporary permit was issued shall send a notice, as approved by the  
28 department, to any person in Nebraska who has purchased a tractor sold  
29 under the temporary permit. The person to whom the temporary permit was  
30 issued shall either modify the tractor to meet the specifications filed  
31 with the board or remedy to the satisfaction of the purchaser any injury

1 incurred by the purchaser which was caused by the failure of the tractor  
2 to meet the specifications claimed. Such person shall be prohibited from  
3 modifying sales literature, advertisement claims, or specifications of  
4 the tractor to avoid such notice.

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

7 77-201 (1) Except as provided in subsections (2) through (4) of this  
8 section, all real property in this state, not expressly exempt therefrom,  
9 shall be subject to taxation and shall be valued as follows: ~~at its~~  
10 ~~actual value.~~

11 (a) For tax years prior to tax year 2021, such real property shall  
12 be valued at its actual value; and

13 (b) For tax year 2021 and each tax year thereafter, such real  
14 property shall be valued at ninety percent of its actual value.

15 (2) Agricultural land and horticultural land as defined in section  
16 77-1359 shall constitute a separate and distinct class of property for  
17 purposes of property taxation, shall be subject to taxation, unless  
18 expressly exempt from taxation, and shall be valued as follows: ~~at~~  
19 ~~seventy-five percent of its actual value.~~

20 (a) For tax years prior to tax year 2021, such real property shall  
21 be valued at seventy-five percent of its actual value; and

22 (b) For tax year 2021 and each tax year thereafter, such real  
23 property shall be valued at sixty-five percent of its actual value.

24 (3) Agricultural land and horticultural land actively devoted to  
25 agricultural or horticultural purposes which has value for purposes other  
26 than agricultural or horticultural uses and which meets the  
27 qualifications for special valuation under section 77-1344 shall  
28 constitute a separate and distinct class of property for purposes of  
29 property taxation, shall be subject to taxation, and shall be valued for  
30 taxation as follows: ~~at seventy-five percent of its special value as~~  
31 ~~defined in section 77-1343.~~

1        (a) For tax years prior to tax year 2021, such real property shall  
2 be valued at seventy-five percent of its special valuation as defined in  
3 section 77-1343; and

4        (b) For tax year 2021 and each tax year thereafter, such real  
5 property shall be valued at sixty-five percent of its special valuation  
6 as defined in section 77-1343.

7        (4) Historically significant real property which meets the  
8 qualifications for historic rehabilitation valuation under sections  
9 77-1385 to 77-1394 shall be valued for taxation as provided in such  
10 sections.

11        (5) Tangible personal property, not including motor vehicles,  
12 trailers, and semitrailers registered for operation on the highways of  
13 this state, shall constitute a separate and distinct class of property  
14 for purposes of property taxation, shall be subject to taxation, unless  
15 expressly exempt from taxation, and shall be valued at its net book  
16 value. Tangible personal property transferred as a gift or devise or as  
17 part of a transaction which is not a purchase shall be subject to  
18 taxation based upon the date the property was acquired by the previous  
19 owner and at the previous owner's Nebraska adjusted basis. Tangible  
20 personal property acquired as replacement property for converted property  
21 shall be subject to taxation based upon the date the converted property  
22 was acquired and at the Nebraska adjusted basis of the converted property  
23 unless insurance proceeds are payable by reason of the conversion. For  
24 purposes of this subsection, (a) converted property means tangible  
25 personal property which is compulsorily or involuntarily converted as a  
26 result of its destruction in whole or in part, theft, seizure,  
27 requisition, or condemnation, or the threat or imminence thereof, and no  
28 gain or loss is recognized for federal or state income tax purposes by  
29 the holder of the property as a result of the conversion and (b)  
30 replacement property means tangible personal property acquired within two  
31 years after the close of the calendar year in which tangible personal

1 property was converted and which is, except for date of construction or  
2 manufacture, substantially the same as the converted property.

3 Sec. 3. Section 77-382, Reissue Revised Statutes of Nebraska, is  
4 amended to read:

5 77-382 (1) The department shall prepare a tax expenditure report  
6 describing (a) the basic provisions of the Nebraska tax laws, (b) the  
7 actual or estimated revenue loss caused by the exemptions, deductions,  
8 exclusions, deferrals, credits, and preferential rates in effect on July  
9 1 of each year and allowed under Nebraska's tax structure and in the  
10 property tax, (c) the actual or estimated revenue loss caused by failure  
11 to impose sales and use tax on services purchased for nonbusiness use,  
12 and (d) the elements which make up the tax base for state and local  
13 income, including income, sales and use, property, and miscellaneous  
14 taxes.

15 (2) The department shall review the major tax exemptions for which  
16 state general funds are used to reduce the impact of revenue lost due to  
17 a tax expenditure. The report shall indicate an estimate of the amount of  
18 the reduction in revenue resulting from the operation of all tax  
19 expenditures. The report shall list each tax expenditure relating to  
20 sales and use tax under the following categories:

21 (a) Agriculture, which shall include a separate listing for the  
22 following items: Agricultural ~~machinery; agricultural~~ chemicals; seeds  
23 sold to commercial producers; water for irrigation and manufacturing;  
24 commercial artificial insemination; mineral oil as dust suppressant;  
25 animal grooming; oxygen for use in aquaculture; animal life whose  
26 products constitute food for human consumption; and grains;

27 (b) Business across state lines, which shall include a separate  
28 listing for the following items: Property shipped out-of-state;  
29 fabrication labor for items to be shipped out-of-state; property to be  
30 transported out-of-state; property purchased in other states to be used  
31 in Nebraska; aircraft delivery to an out-of-state resident or business;

1 state reciprocal agreements for industrial machinery; and property taxed  
2 in another state;

3 (c) Common carrier and logistics, which shall include a separate  
4 listing for the following items: ~~Common Railroad rolling stock and repair~~  
5 ~~parts and services; common~~ or contract carriers and repair parts and  
6 services; common or contract carrier accessories; and common or contract  
7 carrier safety equipment;

8 (d) Consumer goods, which shall include a separate listing for the  
9 following items: Motor vehicles and motorboat trade-ins; merchandise  
10 trade-ins; certain medical equipment and medicine; ~~newspapers;~~  
11 laundromats; ~~telefloral deliveries;~~ motor vehicle discounts for the  
12 disabled; and political campaign fundraisers;

13 (e) Energy, which shall include a separate listing for the following  
14 items: Motor fuels; energy used in industry; energy used in agriculture;  
15 aviation fuel; and minerals, oil, and gas severed from real property;

16 (f) Food, which shall include a separate listing for the following  
17 items: ~~Food for home consumption;~~ Supplemental Nutrition Assistance  
18 Program; school lunches; meals sold by hospitals; meals sold by  
19 institutions at a flat rate; food for the elderly, handicapped, and  
20 Supplemental Security Income recipients; and meals sold by churches;

21 (g) General business, which shall include a separate listing for the  
22 following items: Component and ingredient parts; manufacturing machinery;  
23 containers; film rentals; molds and dies; syndicated programming;  
24 intercompany sales; intercompany leases; sale of a business or farm  
25 machinery; and transfer of property in a change of business ownership;

26 (h) Lodging and shelter, which shall include a separate listing for  
27 the following item: Room rentals by certain institutions;

28 (i) Miscellaneous, which shall include a separate listing for the  
29 following items: Cash discounts and coupons; separately stated finance  
30 charges; casual sales; lease-to-purchase agreements; and separately  
31 stated taxes;

1 (j) Nonprofits, governments, and exempt entities, which shall  
2 include a separate listing for the following items: Purchases by  
3 political subdivisions of the state; purchases by churches and nonprofit  
4 colleges and medical facilities; purchasing agents for public real estate  
5 construction improvements; contractor as purchasing agent for public  
6 agencies; Nebraska lottery; admissions to school events; sales on Native  
7 American Indian reservations; school-supporting fundraisers; fine art  
8 purchases by a museum; purchases by the Nebraska State Fair Board;  
9 purchases by the Nebraska Investment Finance Authority and licensees of  
10 the State Racing Commission; purchases by the United States Government;  
11 public records; and sales by religious organizations;

12 (k) Recent sales tax expenditures, which shall include a separate  
13 listing for each sales tax expenditure created by statute or rule and  
14 regulation after July 19, 2012;

15 (l) Services purchased for nonbusiness use, which shall include a  
16 separate listing for each such service, including, but not limited to,  
17 the following items: Motor vehicle cleaning, ~~maintenance, and repair~~  
18 ~~services; cleaning and repair of clothing;~~ cleaning, maintenance, and  
19 repair of other tangible personal property; ~~maintenance, painting, and~~  
20 ~~repair of real property;~~ entertainment admissions; ~~personal care~~  
21 ~~services; lawn care, gardening, and landscaping services; pet-related~~  
22 ~~services; storage and moving services;~~ household utilities; other  
23 personal services; ~~taxi, limousine, and other transportation services;~~  
24 legal services; accounting services; other professional services; and  
25 other real estate services; and

26 (m) Telecommunications, which shall include a separate listing for  
27 the following items: Prepaid ~~Telecommunications access charges; prepaid~~  
28 calling arrangements; conference bridging services; and nonvoice data  
29 services.

30 (3) It is the intent of the Legislature that nothing in the Tax  
31 Expenditure Reporting Act shall cause the valuation or assessment of any

1 property exempt from taxation on the basis of its use exclusively for  
2 religious, educational, or charitable purposes.

3 Sec. 4. Section 77-1391, Reissue Revised Statutes of Nebraska, is  
4 amended to read:

5 77-1391 (1) Commencing January 1, 2006, for all real property for  
6 which a final certificate of rehabilitation has been issued, the  
7 valuation for purposes of assessment shall be no more than the base-year  
8 valuation for eight years following issuance of the final certificate of  
9 rehabilitation.

10 (2) For the four years following the expiration of the eight-year  
11 period specified in subsection (1) of this section, the valuation for  
12 purposes of the assessment shall be as follows:

13 (a) For the first year, the base-year valuation plus twenty-five  
14 percent of the difference in the base-year valuation and the current year  
15 assessed ~~actual~~ value;

16 (b) For the second year, the base-year valuation plus fifty percent  
17 of the difference in the base-year valuation and the current year  
18 assessed ~~actual~~ value;

19 (c) For the third year, the base-year valuation plus seventy-five  
20 percent of the difference in the base-year valuation and the current year  
21 assessed ~~actual~~ value; and

22 (d) For the fourth year, the current year assessed ~~actual~~ value.

23 (3) For purposes of sections 77-1385 to 77-1394, base-year valuation  
24 means the assessed valuation of the historically significant real  
25 property in the assessment year the preliminary certificate of  
26 rehabilitation was issued as certified in subdivision (1)(c) of section  
27 77-1388 or as finally determined if appealed.

28 (4) If, during the eight-year period and the four-year period  
29 specified in subsections (1) and (2) of this section, the State Historic  
30 Preservation Officer determines that historically significant real  
31 property for which a final certificate of rehabilitation has been issued

1 (a) has been the subject of repair, renovation, remodeling, or  
2 improvement but not in accordance with the Standards for Rehabilitation  
3 as described in 36 C.F.R. 67.7, as such regulation existed on January 1,  
4 2005, (b) is no longer of historical significance to a qualified historic  
5 district, or (c) no longer possesses the qualifications for listing in  
6 the National Register of Historic Places, he or she shall revoke the  
7 final certificate of rehabilitation by written notice to the owner and  
8 transmit a copy of the revocation to the county assessor.

9 (5) Upon disqualification of any real property receiving base-year  
10 valuation under sections 77-1385 to 77-1394, the county assessor shall  
11 change the value of such property to its assessed ~~actual~~ value in the  
12 assessment year following the revocation of the final certificate of  
13 rehabilitation.

14 Sec. 5. Section 77-1601, Reissue Revised Statutes of Nebraska, is  
15 amended to read:

16 77-1601 (1) The county board of equalization shall each year, on or  
17 before October 15, levy the necessary taxes for the current year if  
18 within the limit of the law. The levy shall include an amount for  
19 operation of all functions of county government and shall also include  
20 all levies necessary to fund tax requests certified under the Property  
21 Tax Request Act ~~section 77-1601.02~~ that are authorized as provided in  
22 sections 77-3442 to 77-3444.

23 (2) On or before November 5, the county board of equalization upon  
24 its own motion may act to correct a clerical error which has resulted in  
25 the calculation of an incorrect levy by any political subdivision ~~entity~~  
26 otherwise authorized to certify a tax request under the Property Tax  
27 Request Act ~~section 77-1601.02~~. The county board of equalization shall  
28 hold a public hearing to determine what adjustment to the levy is proper,  
29 legal, or necessary. Notice shall be provided to the governing body of  
30 each political subdivision affected by the error. Notice of the hearing  
31 as required by section 84-1411 shall include the following: (a) The time

1 and place of the hearing, (b) the dollar amount at issue, and (c) a  
2 statement setting forth the nature of the error.

3 (3) Upon the conclusion of the hearing, the county board of  
4 equalization shall issue a corrected levy if it determines that an error  
5 was made in the original levy which warrants correction. The county board  
6 of equalization shall then order (a) the county assessor, county clerk,  
7 and county treasurer to revise assessment books, unit valuation ledgers,  
8 tax statements, and any other tax records to reflect the correction made  
9 and (b) the recertification of the information provided to the Property  
10 Tax Administrator pursuant to section 77-1613.01.

11 Sec. 6. Sections 6 to 10 of this act shall be known and may be  
12 cited as the Property Tax Request Act.

13 Sec. 7. For purposes of the Property Tax Request Act:

14 (1) Allowable growth means the growth in the total assessed value of  
15 property from the prior assessment year to the current assessment year  
16 resulting from (a) the annexation of property to a political subdivision  
17 or (b) the development of property in the political subdivision;

18 (2) Political subdivision means any county, city, village, school  
19 district, learning community, sanitary and improvement district, natural  
20 resources district, educational service unit, or community college; and

21 (3) Property tax request means the total amount of property taxes  
22 requested to be raised for a political subdivision through the levy  
23 imposed pursuant to section 77-1601.

24 Sec. 8. Section 77-1601.02, Revised Statutes Supplement, 2019, is  
25 amended to read:

26 ~~77-1601.02~~ (1) If the annual assessment of property, excluding  
27 allowable growth, would result in an increase in the total property taxes  
28 levied by a political subdivision ~~county, municipality, school district,~~  
29 ~~learning community, sanitary and improvement district, natural resources~~  
30 ~~district, educational service unit, or community college~~, as determined  
31 using the previous year's rate of levy, such political subdivision's

1 property tax request for the current year shall be no more than its  
2 property tax request in the prior year, and the political subdivision's  
3 rate of levy for the current year shall be decreased accordingly when  
4 such rate is set by the county board of equalization pursuant to section  
5 77-1601. The governing body of the political subdivision shall pass a  
6 resolution or ordinance to set the amount of its property tax request  
7 after holding the public hearing required in subsection (3) of this  
8 section. If the governing body of a political subdivision seeks to set  
9 its property tax request at an amount that exceeds its property tax  
10 request in the prior year, it may do so after complying with the  
11 requirements of section 9 of this act ~~holding the public hearing required~~  
12 ~~in subsection (3) of this section and by passing a resolution or~~  
13 ~~ordinance that complies with subsection (4) of this section.~~

14 (2) If the annual assessment of property, excluding allowable  
15 growth, would result in no change or a decrease in the total property  
16 taxes levied by a political subdivision ~~county, municipality, school~~  
17 ~~district, learning community, sanitary and improvement district, natural~~  
18 ~~resources district, educational service unit, or community college~~, as  
19 determined using the previous year's rate of levy, such political  
20 subdivision's property tax request for the current year shall be no more  
21 than its property tax request in the prior year, and the political  
22 subdivision's rate of levy for the current year shall be adjusted  
23 accordingly when such rate is set by the county board of equalization  
24 pursuant to section 77-1601. The governing body of the political  
25 subdivision shall pass a resolution or ordinance to set the amount of its  
26 property tax request after holding the public hearing required in  
27 subsection (3) of this section. If the governing body of a political  
28 subdivision seeks to set its property tax request at an amount that  
29 exceeds its property tax request in the prior year, it may do so after  
30 complying with the requirements of section 9 of this act ~~holding the~~  
31 ~~public hearing required in subsection (3) of this section and by passing~~

1 ~~a resolution or ordinance that complies with subsection (4) of this~~  
2 ~~section.~~

3 (3) The resolution or ordinance required under this section shall  
4 only be passed after a special public hearing called for such purpose is  
5 held and after notice is published in a newspaper of general circulation  
6 in the area of the political subdivision at least four calendar days  
7 prior to the hearing. For purposes of such notice, the four calendar days  
8 shall include the day of publication but not the day of hearing. If the  
9 political subdivision's total operating budget, not including reserves,  
10 does not exceed ten thousand dollars per year or twenty thousand dollars  
11 per biennial period, the notice may be posted at the governing body's  
12 principal headquarters. The hearing notice shall contain the following  
13 information: The certified taxable valuation under section 13-509 for the  
14 prior year, the certified taxable valuation under section 13-509 for the  
15 current year, and the percentage increase or decrease in such valuations  
16 from the prior year to the current year; the dollar amount of the prior  
17 year's tax request and the property tax rate that was necessary to fund  
18 that tax request; the property tax rate that would be necessary to fund  
19 last year's tax request if applied to the current year's valuation; the  
20 proposed dollar amount of the tax request for the current year and the  
21 property tax rate that will be necessary to fund that tax request; the  
22 percentage increase or decrease in the property tax rate from the prior  
23 year to the current year; and the percentage increase or decrease in the  
24 total operating budget from the prior year to the current year.

25 ~~(4) Any resolution or ordinance setting a political subdivision's~~  
26 ~~property tax request at an amount that exceeds the political~~  
27 ~~subdivision's property tax request in the prior year shall include, but~~  
28 ~~not be limited to, the following information:~~

29 ~~(a) The name of the political subdivision;~~

30 ~~(b) The amount of the property tax request;~~

31 ~~(c) The following statements:~~

1       ~~(i) The total assessed value of property differs from last year's~~  
2 ~~total assessed value by ..... percent;~~

3       ~~(ii) The tax rate which would levy the same amount of property taxes~~  
4 ~~as last year, when multiplied by the new total assessed value of~~  
5 ~~property, would be \$..... per \$100 of assessed value;~~

6       ~~(iii) The (name of political subdivision) proposes to adopt a~~  
7 ~~property tax request that will cause its tax rate to be \$..... per \$100~~  
8 ~~of assessed value; and~~

9       ~~(iv) Based on the proposed property tax request and changes in other~~  
10 ~~revenue, the total operating budget of (name of political subdivision)~~  
11 ~~will exceed last year's by ..... percent; and~~

12       ~~(d) The record vote of the governing body in passing such resolution~~  
13 ~~or ordinance.~~

14       ~~(4) (5) Any resolution or ordinance setting a property tax request~~  
15 ~~under this section shall be certified and forwarded to the county clerk~~  
16 ~~on or before October 13 of the year for which the tax request is to~~  
17 ~~apply.~~

18       ~~(6) Any levy which is not in compliance with this section and~~  
19 ~~section 77-1601 shall be construed as an unauthorized levy under section~~  
20 ~~77-1606.~~

21       Sec. 9. (1) A political subdivision may set its property tax  
22 request at an amount that exceeds its property tax request in the prior  
23 year if:

24       (a) The governing body of such political subdivision holds a public  
25 hearing and provides notice of such hearing in compliance with subsection  
26 (2) of this section; and

27       (b) The governing body of such political subdivision passes a  
28 resolution or an ordinance that complies with subsection (3) of this  
29 section.

30       (2)(a) The public hearing required under this section shall be held  
31 at a meeting of the political subdivision with no items on the agenda

1 other than:

2 (i) Discussion and action on the political subdivision's intent to  
3 approve a property tax request that exceeds the political subdivision's  
4 property tax request in the prior year; and

5 (ii) The political subdivision's budget.

6 (b) The governing body conducting the public hearing shall provide  
7 interested parties desiring to be heard an opportunity to present oral  
8 testimony:

9 (i) Within reasonable time limits; and

10 (ii) Without unreasonable restriction on the number of individuals  
11 allowed to make public comment.

12 (c) A political subdivision shall not schedule a public hearing  
13 under this section at the same time as the public hearing of another  
14 political subdivision in the same county.

15 (d) A political subdivision shall hold the public hearing required  
16 under this section beginning at or after 6 p.m. If a political  
17 subdivision holds a public meeting for the purpose of addressing general  
18 business of the political subdivision on the same date as a public  
19 hearing required under this section, the public meeting addressing  
20 general business items shall conclude before the beginning of the public  
21 hearing required under this section.

22 (e) Subject to subdivision (2)(g) of this section, notice of the  
23 hearing shall be published in a newspaper or combination of newspapers of  
24 general circulation in the political subdivision. The notice shall:

25 (i) Be no less than one-fourth page in size;

26 (ii) Use type no smaller than eighteen point;

27 (iii) Be surrounded by a one-fourth inch border;

28 (iv) Be run once each week for the two weeks before the political  
29 subdivision conducts the public hearing; and

30 (v) State that the political subdivision will meet on a certain day,  
31 time, and place fixed in the notice, which shall be seven or more days

1 after the day of the first publication, for the purpose of hearing  
2 comments regarding the proposed increase in the property tax request over  
3 the amount from the prior year.

4 (f) The notice shall not be placed in that portion of the newspaper  
5 where legal notices and classified advertisements appear.

6 (g) It is the intent of the Legislature that:

7 (i) Whenever possible, the notice shall appear in a newspaper that  
8 is published at least one day per week; and

9 (ii) The newspaper or combination of newspapers selected shall:

10 (A) Be of general interest and readership in the political  
11 subdivision; and

12 (B) Not be of limited subject matter.

13 (h) The notice or a link to the notice shall also be posted  
14 prominently on the main page of the political subdivision's web site.

15 (i) For purposes of this section, the form and content of the notice  
16 shall be substantially as follows:

17 NOTICE OF PROPOSED TAX INCREASE

18 (NAME OF POLITICAL SUBDIVISION)

19 The (name of political subdivision) is proposing to increase its  
20 property tax revenue.

21 The total assessed value of property differs from last year's total  
22 assessed value by ..... percent.

23 The tax rate which would levy the same amount of property taxes as  
24 last year, when multiplied by the new total assessed value of property,  
25 would be \$..... per \$100 of assessed value.

26 The (name of political subdivision) proposes to adopt a property tax  
27 request that will cause its tax rate to be \$..... per \$100 of assessed  
28 value.

29 Based on the proposed property tax request and changes in other  
30 revenue, the total operating budget of (name of political subdivision)  
31 will exceed last year's by ..... percent.



1           Sec. 10. Any levy which is not in compliance with the Property Tax  
2 Request Act and section 77-1601 shall be construed as an unauthorized  
3 levy under section 77-1606.

4           Sec. 11. Section 77-1776, Reissue Revised Statutes of Nebraska, is  
5 amended to read:

6           77-1776 Any political subdivision which has received proceeds from a  
7 levy imposed on all taxable property within an entire county which is in  
8 excess of that requested by the political subdivision under the Property  
9 Tax Request Act section 77-1601.02 as a result of a clerical error or  
10 mistake shall, in the fiscal year following receipt, return the excess  
11 tax collections, net of the collection fee, to the county. By July 31 of  
12 the fiscal year following the receipt of any excess tax collections, the  
13 county treasurer shall certify to the political subdivision the amount to  
14 be returned. Such excess tax collections shall be restricted funds in the  
15 budget of the county that receives the funds under section 13-518.

16           Sec. 12. Section 77-2004, Reissue Revised Statutes of Nebraska, is  
17 amended to read:

18           77-2004   (1) In the case of a father, mother, grandfather,  
19 grandmother, brother, sister, son, daughter, child or children legally  
20 adopted as such in conformity with the laws of the state where adopted,  
21 any lineal descendant, any lineal descendant legally adopted as such in  
22 conformity with the laws of the state where adopted, any person to whom  
23 the deceased for not less than ten years prior to death stood in the  
24 acknowledged relation of a parent, or the spouse or surviving spouse of  
25 any such persons, the rate of tax shall be:

26           (a) For property which passes from a decedent dying prior to July 1,  
27 2020, one percent of the clear market value of the property in excess of  
28 forty thousand dollars received by each person; and -

29           (b) For property which passes from a decedent dying on or after July  
30 1, 2020, zero percent.

31           Any interest in property, including any interest acquired in the

1 manner set forth in section 77-2002, which may be valued at a sum less  
2 than forty thousand dollars shall not be subject to tax. In addition the  
3 homestead allowance, exempt property, and family maintenance allowance  
4 shall not be subject to tax. Interests passing to the surviving spouse by  
5 will, in the manner set forth in section 77-2002, or in any other manner  
6 shall not be subject to tax.

7 Sec. 13. Section 77-2701.02, Reissue Revised Statutes of Nebraska,  
8 is amended to read:

9 77-2701.02 Pursuant to section 77-2715.01:

10 (1) Until July 1, 1998, the rate of the sales tax levied pursuant to  
11 section 77-2703 shall be five percent;

12 (2) Commencing July 1, 1998, and until July 1, 1999, the rate of the  
13 sales tax levied pursuant to section 77-2703 shall be four and one-half  
14 percent;

15 (3) Commencing July 1, 1999, and until the start of the first  
16 calendar quarter after July 20, 2002, the rate of the sales tax levied  
17 pursuant to section 77-2703 shall be five percent;~~and~~

18 (4) Commencing on the start of the first calendar quarter after July  
19 20, 2002, and until July 1, 2020, the rate of the sales tax levied  
20 pursuant to section 77-2703 shall be five and one-half percent; and -

21 (5) Commencing July 1, 2020, the rate of the sales tax levied  
22 pursuant to section 77-2703 shall be five percent, except that such rate  
23 shall be three percent for purchases of food and food ingredients as  
24 defined in section 77-2704.10.

25 Sec. 14. Section 77-2701.16, Revised Statutes Supplement, 2019, is  
26 amended to read:

27 77-2701.16 (1) Gross receipts means the total amount of the sale or  
28 lease or rental price, as the case may be, of the retail sales of  
29 retailers.

30 (2) Gross receipts of every person engaged as a public utility  
31 specified in this subsection, as a community antenna television service

1 operator, or as a satellite service operator or any person involved in  
2 connecting and installing services defined in subdivision (2)(a), (b), or  
3 (d) of this section means:

4 (a)(i) In the furnishing of telephone communication service, other  
5 than mobile telecommunications service as described in section  
6 77-2703.04, the gross income received from furnishing ancillary services,  
7 except for conference bridging services, and intrastate  
8 telecommunications services, except for value-added, nonvoice data  
9 service.

10 (ii) In the furnishing of mobile telecommunications service as  
11 described in section 77-2703.04, the gross income received from  
12 furnishing mobile telecommunications service that originates and  
13 terminates in the same state to a customer with a place of primary use in  
14 Nebraska;

15 (b) In the furnishing of telegraph service, the gross income  
16 received from the furnishing of intrastate telegraph services;

17 (c)(i) In the furnishing of gas, sewer, water, and electricity  
18 service, other than electricity service to a customer-generator as  
19 defined in section 70-2002, the gross income received from the furnishing  
20 of such services upon billings or statements rendered to consumers for  
21 such utility services.

22 (ii) In the furnishing of electricity service to a customer-  
23 generator as defined in section 70-2002, the net energy use upon billings  
24 or statements rendered to customer-generators for such electricity  
25 service;

26 (d) In the furnishing of community antenna television service or  
27 satellite service, the gross income received from the furnishing of such  
28 community antenna television service as regulated under sections 18-2201  
29 to 18-2205 or 23-383 to 23-388 or satellite service; and

30 (e) The gross income received from the provision, installation,  
31 construction, servicing, or removal of property used in conjunction with

1 the furnishing, installing, or connecting of any public utility services  
2 specified in subdivision (2)(a) or (b) of this section or community  
3 antenna television service or satellite service specified in subdivision  
4 (2)(d) of this section, except when acting as a subcontractor for a  
5 public utility, this subdivision does not apply to the gross income  
6 received by a contractor electing to be treated as a consumer of building  
7 materials under subdivision (2) or (3) of section 77-2701.10 for any such  
8 services performed on the customer's side of the utility demarcation  
9 point. This subdivision also does not apply to the gross income received  
10 by a political subdivision of the state for the lease or use of electric  
11 generation, transmission, distribution, or street lighting structures or  
12 facilities owned by a political subdivision of the state.

13 (3) Gross receipts of every person engaged in selling, leasing, or  
14 otherwise providing intellectual or entertainment property means:

15 (a) In the furnishing of computer software, the gross income  
16 received, including the charges for coding, punching, or otherwise  
17 producing any computer software and the charges for the tapes, disks,  
18 punched cards, or other properties furnished by the seller; and

19 (b) In the furnishing of videotapes, movie film, satellite  
20 programming, satellite programming service, and satellite television  
21 signal descrambling or decoding devices, the gross income received from  
22 the license, franchise, or other method establishing the charge.

23 (4) Gross receipts for providing a service means:

24 (a) The gross income received for building cleaning and maintenance,  
25 pest control, and security;

26 (b) The gross income received for motor vehicle washing, waxing,  
27 towing, and painting;

28 (c) The gross income received for computer software training;

29 (d) The gross income received for installing and applying tangible  
30 personal property if the sale of the property is subject to tax. If any  
31 or all of the charge for installation is free to the customer and is paid

1 by a third-party service provider to the installer, any tax due on that  
2 part of the activation commission, finder's fee, installation charge, or  
3 similar payment made by the third-party service provider shall be paid  
4 and remitted by the third-party service provider;

5 (e) The gross income received for services of recreational vehicle  
6 parks;

7 (f) The gross income received for labor for repair or maintenance  
8 services performed with regard to tangible personal property the sale of  
9 which would be subject to sales and use taxes, ~~excluding motor vehicles,~~  
10 except as otherwise provided in section 77-2704.26 or 77-2704.50;

11 (g) The gross income received for animal specialty services,  
12 including, but not limited to, except (i) veterinary services, (ii)  
13 specialty services performed on livestock as defined in section 54-183,  
14 and (iii) animal grooming performed by a licensed veterinarian or a  
15 licensed veterinary technician in conjunction with medical treatment;~~and~~

16 (h) The gross income received for detective services; ~~-~~

17 (i) The gross income received for laundry and dry cleaning services,  
18 excluding self-service coin-operated washing machines and dryers;

19 (j) The gross income received for carpentry services;

20 (k) The gross income received for painting services;

21 (l) The gross income received for plumbing services;

22 (m) The gross income received for custom meat slaughtering, cutting,  
23 and wrapping services;

24 (n) The gross income received for limousine, taxi, and other  
25 transportation services;

26 (o) The gross income received for repair or remodeling of real  
27 property;

28 (p) The gross income received for lawn care and landscaping  
29 services;

30 (q) The gross income received for oil field services;

31 (r) The gross income received for packing and crating services;

- 1       (s) The gross income received for telephone answering services;
- 2       (t) The gross income received for beauty and personal care services,
- 3 including, but not limited to, hair care, nail care, skin care, hair
- 4 removal, and massage services;
- 5       (u) The gross income received for providing chartered flights;
- 6       (v) The gross income received for grading and excavating services;
- 7       (w) The gross income received for dating services;
- 8       (x) The gross income received for employment agency services;
- 9       (y) The gross income received for fishing and hunting guide
- 10 services;
- 11       (z) The gross income received for storage services;
- 12       (aa) The gross income received for interior design and decorating
- 13 services;
- 14       (bb) The gross income received for investment counseling services;
- 15       (cc) The gross income received for parking services provided for
- 16 motor vehicles;
- 17       (dd) The gross income received for laboratory testing services,
- 18 excluding medical testing services;
- 19       (ee) The gross income received for moving services; and
- 20       (ff) The gross income received for telefloral delivery services.
- 21       (5) Gross receipts includes the sale of admissions. When an
- 22 admission to an activity or a membership constituting an admission is
- 23 combined with the solicitation of a contribution, the portion or the
- 24 amount charged representing the fair market price of the admission shall
- 25 be considered a retail sale subject to the tax imposed by section
- 26 77-2703. The organization conducting the activity shall determine the
- 27 amount properly attributable to the purchase of the privilege, benefit,
- 28 or other consideration in advance, and such amount shall be clearly
- 29 indicated on any ticket, receipt, or other evidence issued in connection
- 30 with the payment.
- 31       (6) Gross receipts includes the sale of live plants incorporated

1 into real estate except when such incorporation is incidental to the  
2 transfer of an improvement upon real estate or the real estate.

3 (7) Gross receipts includes the sale of any building materials  
4 annexed to real estate by a person electing to be taxed as a retailer  
5 pursuant to subdivision (1) of section 77-2701.10.

6 (8) Gross receipts includes the sale of and recharge of prepaid  
7 calling service and prepaid wireless calling service.

8 (9) Gross receipts includes the retail sale of digital audio works,  
9 digital audiovisual works, digital codes, and digital books delivered  
10 electronically if the products are taxable when delivered on tangible  
11 storage media. A sale includes the transfer of a permanent right of use,  
12 the transfer of a right of use that terminates on some condition, and the  
13 transfer of a right of use conditioned upon the receipt of continued  
14 payments.

15 (10) Gross receipts includes any receipts from sales of tangible  
16 personal property made over a multivendor marketplace platform that acts  
17 as the intermediary by facilitating sales between a seller and the  
18 purchaser and that, either directly or indirectly through agreements or  
19 arrangements with third parties, collects payment from the purchaser and  
20 transmits payment to the seller.

21 (11) Gross receipts does not include:

22 (a) The amount of any rebate granted by a motor vehicle or motorboat  
23 manufacturer or dealer at the time of sale of the motor vehicle or  
24 motorboat, which rebate functions as a discount from the sales price of  
25 the motor vehicle or motorboat; or

26 (b) The price of property or services returned or rejected by  
27 customers when the full sales price is refunded either in cash or credit.

28 Sec. 15. Section 77-2704.10, Reissue Revised Statutes of Nebraska,  
29 is amended to read:

30 77-2704.10 (1) Sales and use taxes shall not be imposed on the  
31 gross receipts from the sale, lease, or rental of and the storage, use,

1 or other consumption in this state of:

2 (a) ~~(1)~~ Prepared food and food and food ingredients served by public  
3 or private schools, school districts, student organizations, or parent-  
4 teacher associations pursuant to an agreement with the proper school  
5 authorities, in an elementary or secondary school or at any institution  
6 of higher education, public or private, during the regular school day or  
7 at an approved function of any such school or institution. This exemption  
8 does not apply to sales by an institution of higher education at any  
9 facility or function which is open to the general public;

10 (b) ~~(2)~~ Prepared food and food and food ingredients sold by a church  
11 at a function of such church;

12 (c) ~~(3)~~ Prepared food and food and food ingredients served to  
13 patients and inmates of hospitals and other institutions licensed by the  
14 state for the care of human beings;

15 (d) ~~(4)~~ Fees and admissions charged for political events by ballot  
16 question committees, candidate committees, independent committees, and  
17 political party committees as defined in the Nebraska Political  
18 Accountability and Disclosure Act;

19 (e) ~~(5)~~ Prepared food and food and food ingredients sold to the  
20 elderly, handicapped, or recipients of Supplemental Security Income by an  
21 organization that actually accepts electronic benefits transfer under  
22 regulations issued by the United States Department of Agriculture  
23 although it is not necessary for the purchaser to use electronic benefits  
24 transfer to pay for the prepared food and food and food ingredients;

25 (f) ~~(6)~~ Fees and admissions charged by a public or private  
26 elementary or secondary school and fees and admissions charged by a  
27 school district, student organization, or parent-teacher association,  
28 pursuant to an agreement with the proper school authorities, in a public  
29 or private elementary or secondary school during the regular school day  
30 or at an approved function of any such school;

31 (g) ~~(7)~~ Fees and admissions charged for participants in any activity

1 provided by a nonprofit organization that is exempt from income tax under  
2 section 501(c)(3) of the Internal Revenue Code of 1986, as amended, which  
3 organization conducts statewide sport events with multiple sports for  
4 both adults and youth; and

5 (h) ~~(8)~~ Fees and admissions charged for participants in any activity  
6 provided by a nonprofit organization that is exempt from income tax under  
7 section 501(c)(3) of the Internal Revenue Code of 1986, as amended, which  
8 organization is affiliated with a national organization, primarily  
9 dedicated to youth development and healthy living, and offers sports  
10 instruction and sports leagues or sports events in multiple sports.

11 (2) For purposes of this section:

12 (a) Alcoholic beverages means beverages that are suitable for human  
13 consumption and contain one-half of one percent or more of alcohol by  
14 volume;

15 (b) Dietary supplement means any product, other than tobacco,  
16 intended to supplement the diet that contains one or more of the  
17 following dietary ingredients: (i) A vitamin, (ii) a mineral, (iii) an  
18 herb or other botanical, (iv) an amino acid, (v) a dietary substance for  
19 use by humans to supplement the diet by increasing the total dietary  
20 intake, or (vi) a concentrate, metabolite, constituent, extract, or  
21 combination of any ingredients described in subdivisions (2)(b)(i)  
22 through (v) of this section; that is intended for ingestion in tablet,  
23 capsule, powder, softgel, gelcap, or liquid form or, if not intended for  
24 ingestion in such a form, is not presented as conventional food and is  
25 not represented for use as a sole item of a meal or of the diet; and that  
26 is required to be labeled as a dietary supplement, identifiable by the  
27 supplemental facts box found on the label and as required pursuant to 21  
28 C.F.R. 101.36, as such regulation existed on January 1, 2003;

29 (c) Food and food ingredients means substances, whether in liquid,  
30 concentrated, solid, frozen, dried, or dehydrated form, that are sold for  
31 ingestion or chewing by humans and are consumed for their taste or

1 nutritional value. Food and food ingredients does not include alcoholic  
2 beverages, dietary supplements, or tobacco;

3 (d) Prepared food means:

4 (i) Food sold with eating utensils provided by the seller, including  
5 plates, knives, forks, spoons, glasses, cups, napkins, or straws. A plate  
6 does not include a container or packaging used to transport the food; or

7 (ii) Two or more food ingredients mixed or combined by the seller  
8 for sale as a single item and food sold in a heated state or heated by  
9 the seller, except:

10 (A) Food that is only cut, repackaged, or pasteurized by the seller;

11 (B) Eggs, fish, meat, poultry, and foods containing these raw animal  
12 foods requiring cooking by the consumer as recommended by the federal  
13 Food and Drug Administration in chapter 3, part 401.11 of its Food Code,  
14 as it existed on January 1, 2003, so as to prevent food borne illnesses;

15 (C) Food sold by a seller whose proper primary North American  
16 Industry Classification System classification is manufacturing in sector  
17 311, except subsector 3118, bakeries;

18 (D) Food sold in an unheated state by weight or volume as a single  
19 item;

20 (E) Bakery items, including bread, rolls, buns, biscuits, bagels,  
21 croissants, pastries, donuts, danish, cakes, tortes, pies, tarts,  
22 muffins, bars, cookies, and tortillas; and

23 (F) Food that ordinarily requires additional cooking to finish the  
24 product to its desired final condition; and

25 (e) Tobacco means cigarettes, cigars, chewing or pipe tobacco, or  
26 any other item that contains tobacco.

27 Sec. 16. Section 77-2704.24, Reissue Revised Statutes of Nebraska,  
28 is amended to read:

29 77-2704.24 ~~(1)~~—Sales and use taxes shall not be imposed on the  
30 gross receipts from the sale, lease, or rental of and the storage, use,  
31 or other consumption in this state of WIC-eligible food. For purposes of

1 ~~this section, WIC-eligible food means food that is eligible to be~~  
2 ~~purchased under the Special Supplemental Nutrition Program for Women,~~  
3 ~~Infants, and Children food or food ingredients except for prepared food~~  
4 ~~and food sold through vending machines.~~

5 ~~(2) For purposes of this section:~~

6 ~~(a) Alcoholic beverages means beverages that are suitable for human~~  
7 ~~consumption and contain one-half of one percent or more of alcohol by~~  
8 ~~volume;~~

9 ~~(b) Dietary supplement means any product, other than tobacco,~~  
10 ~~intended to supplement the diet that contains one or more of the~~  
11 ~~following dietary ingredients: (i) A vitamin, (ii) a mineral, (iii) an~~  
12 ~~herb or other botanical, (iv) an amino acid, (v) a dietary substance for~~  
13 ~~use by humans to supplement the diet by increasing the total dietary~~  
14 ~~intake, or (vi) a concentrate, metabolite, constituent, extract, or~~  
15 ~~combination of any ingredients described in subdivisions (2)(b)(i)~~  
16 ~~through (v) of this section; that is intended for ingestion in tablet,~~  
17 ~~capsule, powder, softgel, gelcap, or liquid form or, if not intended for~~  
18 ~~ingestion in such a form, is not presented as conventional food and is~~  
19 ~~not represented for use as a sole item of a meal or of the diet; and that~~  
20 ~~is required to be labeled as a dietary supplement, identifiable by the~~  
21 ~~supplemental facts box found on the label and as required pursuant to 21~~  
22 ~~C.F.R. 101.36, as such regulation existed on January 1, 2003;~~

23 ~~(c) Food and food ingredients means substances, whether in liquid,~~  
24 ~~concentrated, solid, frozen, dried, or dehydrated form, that are sold for~~  
25 ~~ingestion or chewing by humans and are consumed for their taste or~~  
26 ~~nutritional value. Food and food ingredients does not include alcoholic~~  
27 ~~beverages, dietary supplements, or tobacco;~~

28 ~~(d) Food sold through vending machines means food that is dispensed~~  
29 ~~from a machine or other mechanical device that accepts payment;~~

30 ~~(e) Prepared food means:~~

31 ~~(i) Food sold with eating utensils provided by the seller, including~~

1 ~~plates, knives, forks, spoons, glasses, cups, napkins, or straws. A plate~~  
2 ~~does not include a container or packaging used to transport the food; or~~

3 ~~(ii) Two or more food ingredients mixed or combined by the seller~~  
4 ~~for sale as a single item and food sold in a heated state or heated by~~  
5 ~~the seller, except:~~

6 ~~(A) Food that is only cut, repackaged, or pasteurized by the seller;~~

7 ~~(B) Eggs, fish, meat, poultry, and foods containing these raw animal~~  
8 ~~foods requiring cooking by the consumer as recommended by the federal~~  
9 ~~Food and Drug Administration in chapter 3, part 401.11 of its Food Code,~~  
10 ~~as it existed on January 1, 2003, so as to prevent food borne illnesses;~~

11 ~~(C) Food sold by a seller whose proper primary North American~~  
12 ~~Industry Classification System classification is manufacturing in sector~~  
13 ~~311, except subsector 3118, bakeries;~~

14 ~~(D) Food sold in an unheated state by weight or volume as a single~~  
15 ~~item;~~

16 ~~(E) Bakery items, including bread, rolls, buns, biscuits, bagels,~~  
17 ~~croissants, pastries, donuts, danish, cakes, tortes, pies, tarts,~~  
18 ~~muffins, bars, cookies, and tortillas; and~~

19 ~~(F) Food that ordinarily requires additional cooking to finish the~~  
20 ~~product to its desired final condition; and~~

21 ~~(f) Tobacco means cigarettes, cigars, chewing or pipe tobacco, or~~  
22 ~~any other item that contains tobacco.~~

23 Sec. 17. Section 77-2704.30, Reissue Revised Statutes of Nebraska,  
24 is amended to read:

25 77-2704.30 The use tax imposed in the Nebraska Revenue Act of 1967  
26 shall not apply to:

27 (1) The use in this state of materials and replacement parts which  
28 are acquired outside this state and which are moved into this state for  
29 use directly in the repair, installation, or application and maintenance  
30 or manufacture of motor vehicles, watercraft, ~~railroad rolling stock,~~  
31 ~~whether owned by a railroad or by any person, whether a common or~~

1 ~~contract carrier or otherwise,~~ or aircraft engaged as common or contract  
2 carriers; and

3 (2) The storage, use, or consumption of property which is acquired  
4 outside this state, the sale, lease, or rental or the storage, use, or  
5 consumption of which property and any associated labor would be exempt  
6 from the sales or use tax were it purchased within this state.

7 Sec. 18. Section 77-2704.50, Reissue Revised Statutes of Nebraska,  
8 is amended to read:

9 77-2704.50 Sales and use taxes shall not be imposed on the gross  
10 receipts from the sale, lease, or rental of and the storage, use, or  
11 other consumption in this state from the purchase in this state or the  
12 purchase outside this state, with title passing in this state, of  
13 materials and replacement parts and any associated labor used as or used  
14 directly in the repair and maintenance or manufacture of ~~railroad rolling~~  
15 ~~stock, whether owned by a railroad or by any person, whether a common or~~  
16 ~~contract carrier or otherwise,~~ motor vehicles, watercraft, or aircraft  
17 engaged as common or contract carriers or the purchase in such manner of  
18 motor vehicles, watercraft, or aircraft to be used as common or contract  
19 carriers. All purchasers seeking to take advantage of the exemption shall  
20 apply to the Tax Commissioner for a common or contract carrier exemption.  
21 All common or contract carrier exemption certificates shall expire on  
22 October 31, 2013, and on October 31 every five years thereafter. All  
23 persons seeking to continue to take advantage of the common or contract  
24 carrier exemption shall apply for a new certificate at the expiration of  
25 the prior certificate. The Tax Commissioner shall notify such exemption  
26 certificate holders at least sixty days prior to the expiration date of  
27 such certificate that the certificate will expire and be null and void as  
28 of such date.

29 Sec. 19. Section 77-2704.51, Reissue Revised Statutes of Nebraska,  
30 is amended to read:

31 77-2704.51 Sales and use taxes shall not be imposed on the gross

1 receipts from the sale, lease, or rental of and the storage, use, or  
2 other consumption in this state of dark : ~~(1) Telecommunications service~~  
3 ~~between telecommunications companies, including division of revenue,~~  
4 ~~settlements, or carrier access charges; or (2) Dark fiber as defined in~~  
5 section 86-574 between telecommunications companies.

6 Sec. 20. Section 77-2715.03, Reissue Revised Statutes of Nebraska,  
7 is amended to read:

8 77-2715.03 (1) For taxable years beginning or deemed to begin on or  
9 after January 1, 2013, and before January 1, 2014, the following brackets  
10 and rates are hereby established for the Nebraska individual income tax:

11 Individual Income Tax Brackets and Rates

12 Bracket	Single	Married,	Head of	Married,	Estates	Tax
13 Number	Individuals	Filing	Household	Filing	and	Rate
		Jointly		Separate	Trusts	
15 1	\$0-2,399	\$0-4,799	\$0-4,499	\$0-2,399	\$0-499	2.46%
16 2	\$2,400-	\$4,800-	\$4,500-	\$2,400-	\$500-	
17	17,499	34,999	27,999	17,499	4,699	3.51%
18 3	\$17,500-	\$35,000-	\$28,000-	\$17,500-	\$4,700-	
19	26,999	53,999	39,999	26,999	15,149	5.01%
20 4	\$27,000	\$54,000	\$40,000	\$27,000	\$15,150	
21	and Over	and Over	and Over	and Over	and Over	6.84%

22 ~~(2)(a) (2)~~ For taxable years beginning or deemed to begin on or  
23 after January 1, 2014, the following brackets ~~and rates~~ are hereby  
24 established for the Nebraska individual income tax:

25 Individual Income Tax Brackets ~~and Rates~~

26 Bracket	Single	Married,	Head of	Married,	Estates	Tax
27 Number	Individuals	Filing	Household	Filing	and	Rate
		Jointly		Separate	Trusts	
29 1	\$0-2,999	\$0-5,999	\$0-5,599	\$0-2,999	\$0-499	2.46%
30 2	\$3,000-	\$6,000-	\$5,600-	\$3,000-	\$500-	

1		17,999	35,999	28,799	17,999	4,699	<del>3.51%</del>
2	3	\$18,000-	\$36,000-	\$28,800-	\$18,000-	\$4,700-	
3		28,999	57,999	42,999	28,999	15,149	<del>5.01%</del>
4	4	\$29,000	\$58,000	\$43,000	\$29,000	\$15,150	
5		and Over	and Over	and Over	and Over	and Over	<del>6.84%</del>

6 (b) The income tax rates that apply to the brackets provided in  
7 subdivision (2)(a) of this section shall be as follows:

8	<u>Bracket</u>	<u>Tax Rate for Taxable Years</u>	<u>Tax Rate for Taxable Years</u>
9	<u>Number</u>	<u>Beginning Prior to 1/1/2021</u>	<u>Beginning On or After 1/1/2021</u>
10	<u>1</u>	<u>2.46%</u>	<u>2.26%</u>
11	<u>2</u>	<u>3.51%</u>	<u>3.31%</u>
12	<u>3</u>	<u>5.01%</u>	<u>4.81%</u>
13	<u>4</u>	<u>6.84%</u>	<u>6.64%</u>

14 (3)(a) For taxable years beginning or deemed to begin on or after  
15 January 1, 2015, the minimum and maximum dollar amounts for each income  
16 tax bracket provided in subdivision (2)(a) ~~subsection (2)~~ of this section  
17 shall be adjusted for inflation by the percentage determined under  
18 subdivision (3)(b) of this section. The rate applicable to any such  
19 income tax bracket shall not be changed as part of any adjustment under  
20 this subsection. The minimum and maximum dollar amounts for each income  
21 tax bracket as adjusted shall be rounded to the nearest ten-dollar  
22 amount. If the adjusted amount for any income tax bracket ends in a five,  
23 it shall be rounded up to the nearest ten-dollar amount.

24 (b)(i) For taxable years beginning or deemed to begin on or after  
25 January 1, 2015, and before January 1, 2018, the Tax Commissioner shall  
26 adjust the income tax brackets by the percentage determined pursuant to  
27 the provisions of section 1(f) of the Internal Revenue Code of 1986, as  
28 it existed prior to December 22, 2017, except that in section 1(f)(3)(B)  
29 of the code the year 2013 shall be substituted for the year 1992. For  
30 2015, the Tax Commissioner shall then determine the percent change from  
31 the twelve months ending on August 31, 2013, to the twelve months ending

1 on August 31, 2014, and in each subsequent year, from the twelve months  
2 ending on August 31, 2013, to the twelve months ending on August 31 of  
3 the year preceding the taxable year. The Tax Commissioner shall prescribe  
4 new tax rate schedules that apply in lieu of the schedules set forth in  
5 subsection (2) of this section.

6 (ii) For taxable years beginning or deemed to begin on or after  
7 January 1, 2018, the Tax Commissioner shall adjust the income tax  
8 brackets based on the percentage change in the Consumer Price Index for  
9 All Urban Consumers published by the federal Bureau of Labor Statistics  
10 from the twelve months ending on August 31, 2016, to the twelve months  
11 ending on August 31 of the year preceding the taxable year. The Tax  
12 Commissioner shall prescribe new tax rate schedules that apply in lieu of  
13 the schedules set forth in subsection (2) of this section.

14 (4) Whenever the tax brackets or tax rates are changed by the  
15 Legislature, the Tax Commissioner shall update the tax rate schedules to  
16 reflect the new tax brackets or tax rates and shall publish such updated  
17 schedules.

18 (5) The Tax Commissioner shall prepare, from the rate schedules, tax  
19 tables which can be used by a majority of the taxpayers to determine  
20 their Nebraska tax liability. The design of the tax tables shall be  
21 determined by the Tax Commissioner. The size of the tax table brackets  
22 may change as the level of income changes. The difference in tax between  
23 two tax table brackets shall not exceed fifteen dollars. The Tax  
24 Commissioner may build the personal exemption credit and standard  
25 deduction amounts into the tax tables.

26 (6) For taxable years beginning or deemed to begin on or after  
27 January 1, 2013, the tax rate applied to other federal taxes included in  
28 the computation of the Nebraska individual income tax shall be 29.6  
29 percent.

30 (7) The Tax Commissioner may require by rule and regulation that all  
31 taxpayers shall use the tax tables if their income is less than the

1 maximum income included in the tax tables.

2 Sec. 21. Section 77-27,132, Reissue Revised Statutes of Nebraska, is  
3 amended to read:

4 77-27,132 (1) There is hereby created a fund to be designated the  
5 Revenue Distribution Fund which shall be set apart and maintained by the  
6 Tax Commissioner. Revenue not required to be credited to the General Fund  
7 or any other specified fund may be credited to the Revenue Distribution  
8 Fund. Credits and refunds of such revenue shall be paid from the Revenue  
9 Distribution Fund. The balance of the amount credited, after credits and  
10 refunds, shall be allocated as provided by the statutes creating such  
11 revenue.

12 (2) The Tax Commissioner shall pay to a depository bank designated  
13 by the State Treasurer all amounts collected under the Nebraska Revenue  
14 Act of 1967. The Tax Commissioner shall present to the State Treasurer  
15 bank receipts showing amounts so deposited in the bank, and of the  
16 amounts so deposited the State Treasurer shall:

17 (a) For transactions occurring on or after October 1, 2014, and  
18 before October 1, 2022, credit to the Game and Parks Commission Capital  
19 Maintenance Fund all of the proceeds of the sales and use taxes imposed  
20 pursuant to section 77-2703 on the sale or lease of motorboats as defined  
21 in section 37-1204, personal watercraft as defined in section 37-1204.01,  
22 all-terrain vehicles as defined in section 60-103, and utility-type  
23 vehicles as defined in section 60-135.01;

24 (b) Credit to the Highway Trust Fund all of the proceeds of the  
25 sales and use taxes derived from the sale or lease for periods of more  
26 than thirty-one days of motor vehicles, trailers, and semitrailers,  
27 except that the proceeds equal to any sales tax rate provided for in  
28 section 77-2701.02 that is in excess of four and one-half five percent  
29 derived from the sale or lease for periods of more than thirty-one days  
30 of motor vehicles, trailers, and semitrailers shall be credited to the  
31 Highway Allocation Fund;

1 (c) For transactions occurring on or after July 1, 2013, and before  
2 July 1, 2033, of the proceeds of the sales and use taxes derived from  
3 transactions other than those listed in subdivisions (2)(a) and (b) of  
4 this section from a sales tax rate of one-quarter of one percent, credit  
5 monthly eighty-five percent to the State Highway Capital Improvement Fund  
6 and fifteen percent to the Highway Allocation Fund; and

7 (d) Of the proceeds of the sales and use taxes derived from  
8 transactions other than those listed in subdivisions (2)(a) and (b) of  
9 this section, credit to the Property Tax Credit Cash Fund the amount  
10 certified under section 77-27,237, if any such certification is made.

11 The balance of all amounts collected under the Nebraska Revenue Act  
12 of 1967 shall be credited to the General Fund.

13 Sec. 22. Section 77-3005, Reissue Revised Statutes of Nebraska, is  
14 amended to read:

15 77-3005 The occupation tax levied and imposed by the Mechanical  
16 Amusement Device Tax Act shall be in addition to any and all taxes or  
17 fees, of any form whatsoever, now imposed by the State of Nebraska or any  
18 of its subdivisions, upon the business of operating or distributing  
19 mechanical amusement devices as defined in section 77-3001, or otherwise  
20 defined by the subdivisions and municipalities of the State of  
21 Nebraska, ~~except that payment of the tax and license fees due and owing~~  
22 ~~on or before the licensing date of each year shall exempt any such~~  
23 ~~mechanical amusement device from the application of the sales tax which~~  
24 ~~would or could otherwise be imposed under the Nebraska Revenue Act of~~  
25 ~~1967. Nonpayment of the taxes or fees due and owing on or before the~~  
26 ~~licensing date of each year shall render the exemption provided by this~~  
27 ~~section inapplicable and the particular machines or devices shall then be~~  
28 ~~subject to all the provisions of the Nebraska Revenue Act of 1967,~~  
29 ~~including the penalty provisions pertaining to the owner or operator of~~  
30 ~~such machines or devices.~~

31 Sec. 23. Section 77-5023, Reissue Revised Statutes of Nebraska, is

1 amended to read:

2 77-5023 (1) Pursuant to section 77-5022, the commission shall have  
3 the power to increase or decrease the value of a class or subclass of  
4 real property in any county or taxing authority or of real property  
5 valued by the state so that all classes or subclasses of real property in  
6 all counties fall within an acceptable range.

7 ~~(2)(a) (2) An acceptable range is the percentage of variation from a~~  
8 ~~standard for valuation as measured by an established indicator of central~~  
9 ~~tendency of assessment. Acceptable ranges are: (a) For agricultural land~~  
10 ~~and horticultural land as defined in section 77-1359, sixty-nine to~~  
11 ~~seventy-five percent of actual value; (b) for lands receiving special~~  
12 ~~valuation, sixty-nine to seventy-five percent of special valuation as~~  
13 ~~defined in section 77-1343; and (c) for all other real property, ninety-~~  
14 ~~two to one hundred percent of actual value.~~

15 (b) The acceptable ranges for agricultural land and horticultural  
16 land not receiving special valuation are:

17 (i) For tax years prior to tax year 2021, sixty-nine to seventy-five  
18 percent of actual value; and

19 (ii) For tax year 2021 and each tax year thereafter, fifty-nine to  
20 sixty-five percent of actual value.

21 (c) The acceptable ranges for agricultural land and horticultural  
22 land receiving special valuation are:

23 (i) For tax years prior to tax year 2021, sixty-nine to seventy-five  
24 percent of special valuation; and

25 (ii) For tax year 2021 and each tax year thereafter, fifty-nine to  
26 sixty-five percent of special valuation.

27 (d) The acceptable ranges for all other real property are:

28 (i) For tax years prior to tax year 2021, ninety-two to one hundred  
29 percent of actual value; and

30 (ii) For tax year 2021 and each tax year thereafter, eighty-two to  
31 ninety percent of actual value.

1           (e) For purposes of this subsection:

2           (i) Agricultural land and horticultural land has the same meaning as  
3 in section 77-1359; and

4           (ii) Special valuation has the same meaning as in section 77-1343.

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

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

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

15           Sec. 24. Section 79-1001, Revised Statutes Cumulative Supplement,  
16 2018, is amended to read:

17           79-1001 Sections 79-1001 to 79-1033 shall be known and may be cited  
18 as the Tax Equity and Educational Opportunities Support Act. The act  
19 terminates on July 1, 2021.

20           Sec. 25. Sections 25 to 35 of this act shall be known and may be  
21 cited as the New School Aid Act. The act shall apply beginning with  
22 school fiscal year 2021-22.

23           Sec. 26. For purposes of the New School Aid Act:

24           (1) Department means the State Department of Education;

25           (2) Formula students means the fall membership from the school  
26 fiscal year immediately preceding the school fiscal year in which the aid  
27 is to be paid;

28           (3) For the calculation of aid for the 2021-22 school fiscal year,  
29 formula students used in the calculation of aid for the immediately  
30 preceding school fiscal year means the formula students used in the  
31 calculation of state aid pursuant to the Tax Equity and Educational

1 Opportunities Support Act for school fiscal year 2020-21;

2 (4) General fund expenditures means all expenditures from the  
3 general fund for the most recently available complete data year;

4 (5) For the calculation of aid for the 2021-22 school fiscal year,  
5 general fund expenditures used in the calculation of aid for the  
6 immediately preceding school fiscal year means the general fund  
7 expenditures used in the calculation of state aid pursuant to the Tax  
8 Equity and Educational Opportunities Support Act for school fiscal year  
9 2020-21;

10 (6) Most recently available complete data year means the most recent  
11 single school fiscal year for which the annual financial report, fall  
12 school district membership report, annual statistical summary, and  
13 Nebraska income tax liability by school district for the calendar year in  
14 which the majority of the school fiscal year falls are available;

15 (7) Poverty students means, using the most recent data available on  
16 November 1 of the school fiscal year immediately preceding the school  
17 fiscal year in which aid is to be paid;

18 (a) For schools that did not provide free meals to all students  
19 pursuant to the community eligibility provision, students who  
20 individually qualified for free lunches or free milk pursuant to the  
21 federal Richard B. Russell National School Lunch Act, 42 U.S.C. 1751 et  
22 seq., and the federal Child Nutrition Act of 1966, 42 U.S.C. 1771 et  
23 seq., and any rules and regulations adopted thereunder, as such acts,  
24 rules, and regulations existed on January 1, 2020; or

25 (b) For schools that provided free meals to all students pursuant to  
26 the community eligibility provision, the greater of the number of  
27 students in such school who individually qualified for free lunch or free  
28 milk using the most recent school fiscal year for which the school did  
29 not provide free meals to all students pursuant to the community  
30 eligibility provision or one hundred ten percent of the product of the  
31 students who qualified for free meals at such school pursuant to the

1 community eligibility provision multiplied by the identified student  
2 percentage calculated pursuant to such federal provision, except that  
3 poverty students calculated for any school shall not exceed one hundred  
4 percent of the students qualified for free meals at such school pursuant  
5 to the community eligibility provision; and

6 (8) Very sparse school district means a school district that has:

7 (a)(i) Less than one-half student per square mile in each county in  
8 which each high school attendance center is located based on the school  
9 district census, (ii) less than one formula student per square mile in  
10 the local system, and (iii) more than fifteen miles between the high  
11 school attendance center and the next closest high school attendance  
12 center on paved roads; or

13 (b)(i) More than four hundred fifty square miles in the local  
14 system, (ii) less than one-half student per square mile in the local  
15 system, and (iii) more than fifteen miles between each high school  
16 attendance center and the next closest high school attendance center on  
17 paved roads.

18 Sec. 27. (1) Except as provided in subsection (2) of this section,  
19 the department shall calculate the foundation aid for each school fiscal  
20 year for each school in each school district as follows:

21 (a) Divide each school district's general fund operating  
22 expenditures by the school district's formula students to calculate the  
23 expenditures per student for each school district;

24 (b) After excluding the expenditures per student for both the ten  
25 school districts that have the highest expenditures per student and the  
26 ten school districts that have the lowest expenditures per student, total  
27 the expenditures per student for the remaining school districts and  
28 divide such total by the number of such remaining school districts to  
29 calculate the foundation expenditures per student;

30 (c) Multiply the foundation expenditures per student by thirty  
31 percent to calculate the foundation aid per student; and

1        (d) For each school, multiply the foundation aid per student by the  
2 school's formula students to calculate the foundation aid for such  
3 school.

4        (2) For each school fiscal year for any school district that is very  
5 sparse and that has less than one hundred fifty formula students, the  
6 department shall multiply the foundation aid per student calculated  
7 pursuant to subdivision (1)(c) of this section by one hundred fifty  
8 formula students to calculate the aggregate foundation aid for all  
9 schools in such school district.

10        Sec. 28. (1) The department shall calculate a spending adjustment  
11 for each school fiscal year for each school district in which:

12        (a) The formula students are equal to or fewer than the formula  
13 students used in the calculation of aid for the immediately preceding  
14 school fiscal year; and

15        (b) The general fund operating expenditures grew by more than three  
16 percent over the general fund operating expenditures used in the  
17 calculation of aid for the immediately preceding school fiscal year.

18        (2) The spending adjustment for such districts shall equal one  
19 hundred three percent of the general fund operating expenditures used in  
20 the calculation of aid for the immediately preceding school fiscal year  
21 minus the general fund operating expenditures for the current calculation  
22 of aid.

23        Sec. 29. (1) The department shall calculate a student growth grant  
24 for each fiscal year for each school district in which:

25        (a) The formula students are greater than the formula students used  
26 in the calculation of aid for the immediately preceding school fiscal  
27 year; and

28        (b) The general fund operating expenditures per formula student grew  
29 by more than three percent over the general fund operating expenditures  
30 per formula student used in the calculation of aid for the immediately  
31 preceding school fiscal year.

1       (2) The student growth grant for each such district shall equal the  
2 formula students for the current calculation of aid multiplied by the  
3 difference of one hundred three percent of the general fund operating  
4 expenditures per formula student used in the calculation of aid for the  
5 immediately preceding school fiscal year minus the general fund operating  
6 expenditures for the current calculation of aid.

7       Sec. 30. (1) The department shall calculate a poverty grant for  
8 each school fiscal year for each school as follows:

9       (a) Divide each school's poverty students by the school's formula  
10 students to calculate the poverty percentage for each school;

11       (b) Total the poverty percentages for all schools and divide by the  
12 number of schools to calculate the average poverty percentage;

13       (c) For each school that has a poverty percentage less than or equal  
14 to the average poverty percentage, the poverty grant shall equal zero  
15 dollars; and

16       (d) For each school that has a poverty percentage greater than the  
17 average poverty percentage, subtract the average poverty percentage from  
18 the poverty percentage for such school and multiply the result by the  
19 foundation aid per student calculated pursuant to subdivision (1)(c) of  
20 section 27 of this act and then by the school's formula students to  
21 calculate the poverty grant for such school.

22       (2) Each school district shall distribute any poverty grant paid to  
23 such school district to the school for which it was calculated.

24       Sec. 31. The department shall calculate an English learner grant  
25 for each school fiscal year for each school as follows:

26       (1) Multiply the foundation aid per student calculated pursuant to  
27 subdivision (1)(c) of section 27 of this act by ten percent to calculate  
28 the English learner grant per student; and

29       (2) Multiply the English learner grant per student by the number of  
30 students in the school who were English learners as defined under 20  
31 U.S.C. 7801, as such section existed on January 1, 2020, in the most

1 recently available complete data year to calculate the English learner  
2 grant for each school.

3 Sec. 32. The department shall calculate an administration sharing  
4 incentive for each fiscal year for each school district that shares the  
5 school district superintendent with another school district. The  
6 administration sharing incentive for each such school district shall  
7 equal twenty-five thousand dollars.

8 Sec. 33. The general fund aid to be paid for each school fiscal  
9 year to each school district shall equal:

10 (1) The sum of:

11 (a) The foundation aid calculated for each school in such school  
12 district or, for very sparse school districts, the aggregate foundation  
13 aid calculated for all schools in such school district;

14 (b) Any poverty grant calculated for any school in such school  
15 district;

16 (c) Any English learner grant calculated for any school in such  
17 school district;

18 (d) Any student growth grant calculated for such school district;  
19 and

20 (e) Any administration sharing incentive calculated for such school  
21 district; and

22 (2) Minus any spending adjustment calculated for such school  
23 district.

24 Sec. 34. (1) The department shall calculate infrastructure aid for  
25 each school fiscal year as follows:

26 (a) On or before November 15, 2020, and on or before each November  
27 15 thereafter, the Tax Commissioner shall certify to the department for  
28 the preceding tax year the income tax liability of resident individuals  
29 for each school district; and

30 (b) The department shall multiply the income tax liability certified  
31 for each school district by two and twenty-three hundredths percent to

1 calculate the infrastructure aid to be paid to such school district.

2 (2) Infrastructure aid shall only be used by school districts for  
3 infrastructure improvements and utilities.

4 Sec. 35. The department shall distribute general fund aid and  
5 infrastructure aid as calculated pursuant to the New School Aid Act to  
6 each school district in ten as nearly as possible equal payments on the  
7 last business day of each month beginning in September of the school  
8 fiscal year for which such aid was calculated and ending in June of the  
9 following year.

10 Sec. 36. This act becomes operative on July 1, 2020.

11 Sec. 37. Original sections 2-2701, 77-201, 77-382, 77-1391,  
12 77-1601, 77-1776, 77-2004, 77-2701.02, 77-2704.10, 77-2704.24,  
13 77-2704.30, 77-2704.50, 77-2704.51, 77-2715.03, 77-27,132, 77-3005, and  
14 77-5023, Reissue Revised Statutes of Nebraska, section 79-1001, Revised  
15 Statutes Cumulative Supplement, 2018, and sections 77-1601.02 and  
16 77-2701.16, Revised Statutes Supplement, 2019, are repealed.

17 Sec. 38. The following sections are outright repealed: Sections  
18 77-2704.07, 77-2704.27, 77-2704.36, 77-2704.65, and 77-2704.67, Reissue  
19 Revised Statutes of Nebraska.

20 Sec. 39. Since an emergency exists, this act takes effect when  
21 passed and approved according to law.