

LEGISLATURE OF NEBRASKA  
ONE HUNDRED FIFTH LEGISLATURE  
FIRST SESSION

**LEGISLATIVE BILL 291**

Introduced by Larson, 40; Brewer, 43; Lindstrom, 18.

Read first time January 11, 2017

Committee:

- 1 A BILL FOR AN ACT relating to Native Americans; to amend section 58-201,
- 2 Reissue Revised Statutes of Nebraska, and sections 77-2701 and
- 3 77-2701.04, Revised Statutes Cumulative Supplement, 2016; to adopt
- 4 the Special Economic Impact Zone Act; to provide a bonus in a
- 5 scoring system under the Nebraska Investment Finance Authority Act;
- 6 to authorize revenue-sharing agreements as prescribed; to harmonize
- 7 provisions; and to repeal the original sections.
- 8 Be it enacted by the people of the State of Nebraska,

1           Section 1. Sections 1 to 9 of this act shall be known and may be  
2 cited as the Special Economic Impact Zone Act.

3           Sec. 2. The purpose of the Special Economic Impact Zone Act is to  
4 utilize the tax incentives provided in the act to encourage the formation  
5 and expansion of businesses on reservations in this state.

6           Sec. 3. For purposes of the Special Economic Impact Zone Act:

7           (1) Department means the Department of Revenue;

8           (2) Indian tribe has the same meaning as in section 43-1503;

9           (3) Qualified business means any corporation, partnership, limited  
10 liability company, sole proprietorship, or other business entity that:

11           (a) Is subject to income taxes or sales and use taxes under the  
12 Nebraska Revenue Act of 1967;

13           (b) Establishes a business location within a special economic impact  
14 zone on or after the effective date of this act;

15           (c) Derives no more than five percent of its income from the sale of  
16 agricultural grain which it or one of its subsidiaries actively produced;  
17 and

18           (d) Does not engage in Class III gaming activity authorized by the  
19 federal Indian Gaming Regulatory Act;

20           (4) Reservation has the same meaning as in section 43-1503;

21           (5) Special economic impact zone means a zone established under  
22 section 4 of this act; and

23           (6) Trust land means land held in trust by the United States for the  
24 beneficial use of an individual member of an Indian tribe or for the  
25 beneficial use of an Indian tribe.

26           Sec. 4. (1) Subject to subsection (2) of this section, each  
27 reservation in this state is hereby established as a special economic  
28 impact zone.

29           (2) Before any trust land located within a city of the metropolitan  
30 class, city of the primary class, or city of the first class is included  
31 within a special economic impact zone, the governing body of the city in

1 which such trust land is located must first give its approval. A  
2 governing body shall notify the department of any approval granted under  
3 this section.

4       Sec. 5. For taxable years beginning or deemed to begin on or after  
5 January 1, 2018, under the Internal Revenue Code of 1986, as amended, a  
6 qualified business may, in calculating its income tax liability to the  
7 state under the Nebraska Revenue Act of 1967, exclude any income derived  
8 during the taxable year from sources within a special economic impact  
9 zone.

10       Sec. 6. (1) Beginning January 1, 2018, a qualified business shall  
11 be exempt from the sales and use taxes due under the Nebraska Revenue Act  
12 of 1967 for the first ten million dollars of eligible purchases made by  
13 the qualified business each calendar year.

14       (2) For purposes of this section, eligible purchase means any  
15 purchase of a good or service subject to sales and use taxes under the  
16 Nebraska Revenue Act of 1967 which is made by a qualified business for  
17 use within a special economic impact zone.

18       Sec. 7. Any qualified business receiving tax incentives under the  
19 Nebraska Advantage Act shall also be eligible to qualify for the tax  
20 incentives provided in the Special Economic Impact Zone Act.

21       Sec. 8. If a qualified business relocates from one part of the  
22 state to a special economic impact zone, such qualified business shall  
23 not be eligible for the tax incentives provided in the Special Economic  
24 Impact Zone Act.

25       Sec. 9. The department may adopt and promulgate rules and  
26 regulations for the purpose of carrying out the Special Economic Impact  
27 Zone Act.

28       Sec. 10. Section 58-201, Reissue Revised Statutes of Nebraska, is  
29 amended to read:

30       58-201 Sections 58-201 to 58-272 and section 11 of this act shall be  
31 known and may be cited as the Nebraska Investment Finance Authority Act.

1           Sec. 11. In allocating any federal low-income housing tax credits,  
2 the authority shall give a bonus under its scoring system to any project  
3 located in a special economic impact zone as defined in section 3 of this  
4 act. The bonus shall be equal to two percent of the total number of  
5 points allowable under such scoring system.

6           Sec. 12. Section 77-2701, Revised Statutes Cumulative Supplement,  
7 2016, is amended to read:

8           77-2701 Sections 77-2701 to 77-27,135.01, 77-27,235, 77-27,236, and  
9 77-27,238 and section 14 of this act shall be known and may be cited as  
10 the Nebraska Revenue Act of 1967.

11           Sec. 13. Section 77-2701.04, Revised Statutes Cumulative Supplement,  
12 2016, is amended to read:

13           77-2701.04 For purposes of sections 77-2701.04 to 77-2713 and  
14 section 14 of this act, unless the context otherwise requires, the  
15 definitions found in sections 77-2701.05 to 77-2701.55 shall be used.

16           Sec. 14. (1) If the governing body of any federally recognized  
17 Indian tribe within the State of Nebraska presents a revenue-sharing  
18 agreement to the Department of Revenue that contains all of the  
19 provisions required under subsection (2) of this section, the department  
20 shall enter into such agreement with the governing body, except as  
21 provided in subsection (4) of this section.

22           (2) A revenue-sharing agreement under this section shall contain all  
23 of the following provisions:

24           (a) The duration of the agreement;

25           (b) The purpose of the agreement;

26           (c) A requirement that the Indian tribe impose a tribal tax that is  
27 less than or equal to the state sales and use taxes imposed under the  
28 Nebraska Revenue Act of 1967;

29           (d) A requirement that the tribal tax not be imposed on any  
30 transaction that is exempt from sales and use taxes under the Nebraska  
31 Revenue Act of 1967;

1       (e) A requirement that the tribal tax be imposed on both members and  
2 nonmembers of the Indian tribe;

3       (f) A requirement that twenty percent of the tribal tax be shared  
4 with the State of Nebraska;

5       (g) Provisions for administering, collecting, and enforcing the  
6 agreement and for the mutual waiver of sovereign immunity objections with  
7 respect to such provisions;

8       (h) Remittance of taxes collected;

9       (i) The method to be employed in accomplishing the partial or  
10 complete termination of the agreement;

11       (j) A dispute resolution procedure; and

12       (k) Adequate reporting and auditing provisions.

13       (3) If a revenue-sharing agreement is entered into under this  
14 section, then, for any transaction subject to the tribal tax, the  
15 department shall not impose state sales and use taxes on such  
16 transaction.

17       (4) If the governing body of any federally recognized Indian tribe  
18 within the State of Nebraska presents a revenue-sharing agreement to the  
19 department that contains more than the provisions required under  
20 subsection (2) of this section, the department has discretion on whether  
21 or not to enter into such agreement.

22       Sec. 15. Original section 58-201, Reissue Revised Statutes of  
23 Nebraska, and sections 77-2701 and 77-2701.04, Revised Statutes  
24 Cumulative Supplement, 2016, are repealed.