

# LEGISLATIVE BILL 34

Approved by the Governor Approved by Governor

Introduced by Brewer, 43; Conrad, 46; Halloran, 33; Linehan, 39; Murman, 38; Raybould, 28.

A BILL FOR AN ACT relating to revenue and taxation; to amend sections 13-508, 13-518, 13-2817, 29-3933, 72-2305, 72-2306, and 77-27,142, Reissue Revised Statutes of Nebraska, sections 77-1776, 77-27,144, 77-4602, and 81-12,193, Revised Statutes Cumulative Supplement, 2022, and sections 77-1632, 77-1633, 77-1701, 77-6702, and 77-6703, Revised Statutes Supplement, 2023; to adopt the Property Tax Growth Limitation Act and the School District Property Tax Relief Act; to change provisions relating to the Nebraska Budget Act, budget limitations, payments to municipal counties, county reimbursement for indigent defense systems, the Public Facilities Construction and Finance Act, the Property Tax Request Act, collection of taxes, the Local Option Revenue Act, revenue forecasting, the Nebraska Property Tax Incentive Act, and the Nebraska Transformational Project Fund; to redefine terms; to harmonize provisions; to provide severability; to repeal the original sections; and to declare an emergency.

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

Section 1. Sections 1 to 8 of this act shall be known and may be cited as the Property Tax Growth Limitation Act.

Sec. 2. For purposes of the Property Tax Growth Limitation Act:

(1) Approved bonds means bonds as defined in subdivision (1) of section 10-134 that are approved according to law, excluding any bonds issued to finance a project or projects if the issuance of bonds for such project or projects was the subject of a general obligation bond election held at the most recent regularly scheduled election and was not approved at such election;

(2) Auditor means the Auditor of Public Accounts;

(3) Emergency means an emergency, as defined in section 81-829.39, for which a state of emergency proclamation or local state of emergency proclamation has been issued under the Emergency Management Act;

(4) Growth percentage means the percentage obtained by dividing (a) the political subdivision's growth value by (b) the political subdivision's total property valuation from the prior year;

(5) Growth value means the increase in a political subdivision's total property valuation from the prior year to the current year due to (a) improvements to real property as a result of new construction and additions to existing buildings, (b) any other improvements to real property which increase the value of such property, (c) annexation of real property by the political subdivision, (d) a change in the use of real property, (e) any increase in personal property valuation over the prior year, and (f) the increase in excess valuation over the redevelopment project valuation described in section 18-2147 for redevelopment projects within the political subdivision, provided the accumulated excess valuation which exists as of July 1, 2025, shall be included in the calculation of the increase in excess valuation for the political subdivision's first fiscal year beginning on or after July 1, 2025;

(6) Inflation percentage means the annual percentage change in the State and Local Consumption Expenditures and Gross Investment, as reported for December of the prior calendar year for the preceding twelve-month period;

(7) Political subdivision means any county, city, or village;

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

(9) Property tax request authority means the amount that may be included in a political subdivision's property tax request as determined pursuant to the Property Tax Growth Limitation Act; and

(10) State aid means:

(a) For all political subdivisions, state aid paid pursuant to sections 60-3,202 and 77-3523 and reimbursement provided pursuant to section 77-1239;

(b) For cities and villages, state aid to cities and villages paid pursuant to sections 39-2501 to 39-2520, 60-3,190, and 77-27,139.04 and insurance premium tax paid to cities and villages; and

(c) For counties, state aid to counties paid pursuant to sections 60-3,184 to 60-3,190, insurance premium tax paid to counties, and reimbursements to counties from funds appropriated pursuant to section 29-3933.

Sec. 3. (1) Except as otherwise provided in the Property Tax Growth Limitation Act, for fiscal years beginning on or after July 1, 2025, a political subdivision's property tax request for any year shall not exceed its property tax request authority as determined under this section. The preliminary property tax request authority for each political subdivision shall be the amount of property taxes levied by the county board of equalization pursuant to section 77-1601 for such political subdivision in the prior fiscal year, less the sum of exceptions utilized in the prior year pursuant to section 4 of this act.

(2) In addition to the preliminary property tax request authority, the

political subdivision's property tax request authority may be increased by the product of:

(a) The amount of property taxes levied in the prior year increased by the political subdivision's growth percentage, less the sum of exceptions utilized in the prior year pursuant to subdivisions (1) and (2) of section 4 of this act; and

(b) The greater of zero or the inflation percentage.

Sec. 4. A political subdivision may increase its property tax request authority over the amount determined under section 3 of this act by:

(1) The amount of property taxes budgeted for approved bonds;

(2) The amount of property taxes needed to respond to an emergency declared in the preceding year, as certified to the auditor;

(3) The amount of unused property tax request authority determined in accordance with section 6 of this act;

(4) The amount of property taxes budgeted in support of (a) a service relating to an imminent and significant threat to public safety that (i) was not previously provided by the political subdivision and (ii) is the subject of an agreement or a modification of an existing agreement executed after the effective date of this act, whether provided by one of the parties to the agreement or by an independent joint entity or joint public agency or (b) an interlocal agreement relating to public safety;

(5) The increase in property tax request authority approved by the legal voters as provided in section 5 of this act;

(6) The amount of property taxes budgeted for public safety services as defined in section 13-320; and

(7) The amount of property taxes budgeted for county attorneys and public defenders.

Sec. 5. (1) A political subdivision may increase its property tax request authority over the amount determined under section 3 of this act if such increase is approved by a majority of legal voters voting on the issue at an election described in subsection (2) of this section. Such issue shall be placed on the ballot (a) upon the recommendation of the governing body of such political subdivision or (b) upon the receipt by the county clerk or election commissioner of a petition requesting such issue to be placed on the ballot which is signed by at least five percent of the legal voters of the political subdivision. The recommendation of the governing body or the petition of the legal voters shall include the amount by which the political subdivision would increase its property tax request authority over and above the amount determined under section 3 of this act.

(2) Upon receipt of such recommendation or legal voter petition, the county clerk or election commissioner shall place such issue on the ballot at the next regularly scheduled election or a special election called for such purpose and held on the first Tuesday after the second Monday in May of an odd-numbered year. The election shall be held pursuant to the Election Act, and all costs shall be paid by the political subdivision. The issue may be approved on the same question as a vote to exceed the levy limits provided in section 77-3444. If a majority of the votes cast on the issue are in favor of increasing the political subdivision's property tax request authority, the political subdivision shall be empowered to do so.

Sec. 6. A political subdivision may choose not to increase its total property taxes levied by the full amount of the property tax request authority allowed in a particular year. In such cases, the political subdivision may carry forward to future budget years the amount of unused property tax request authority, but accumulation of unused property tax request authority shall not exceed an aggregate of five percent of the total property tax request authority from the prior year.

Sec. 7. The auditor shall prepare forms to be used by political subdivisions for the purpose of calculating property tax request authority and unused property tax request authority. Each political subdivision shall calculate such amounts and submit the forms to the auditor on or before September 30, 2025, and on or before September 30 of each year thereafter. If a political subdivision fails to submit such forms to the auditor or if the auditor determines from such forms that a political subdivision is not complying with the limits provided in the Property Tax Growth Limitation Act, the auditor shall notify the political subdivision and the State Treasurer of the noncompliance. The State Treasurer shall then suspend distribution of state aid allocated to the political subdivision until the political subdivision complies. The funds shall be held for six months. If the political subdivision complies within the six-month period, it shall receive the suspended funds. If the political subdivision fails to comply within the six-month period, the suspended funds shall be forfeited and shall be redistributed to other recipients of the state aid or, in the case of homestead exemption reimbursement, returned to the General Fund.

Sec. 8. The auditor may adopt and promulgate rules and regulations to carry out the Property Tax Growth Limitation Act.

Sec. 9. Sections 9 to 13 of this act shall be known and may be cited as the School District Property Tax Relief Act.

Sec. 10. The purpose of the School District Property Tax Relief Act is to provide property tax relief for property taxes levied against real property by school districts. The property tax relief will be made to owners of real property in the form of a property tax credit.

Sec. 11. For purposes of the School District Property Tax Relief Act:

(1) School district has the same meaning as in section 79-101; and

(2) School district taxes means property taxes levied on real property in this state by a school district or multiple-district school system, excluding any property taxes levied for bonded indebtedness and any property taxes levied as a result of an override of limits on property tax levies approved by voters pursuant to section 77-3444.

Sec. 12. (1) The School District Property Tax Relief Credit Fund is created. The fund shall only be used pursuant to the School District Property Tax Relief Act. Any money in the fund available for investment shall be invested by the state investment officer pursuant to the Nebraska Capital Expansion Act and the Nebraska State Funds Investment Act.

(2)(a) The State Treasurer shall transfer seven hundred fifty million dollars from the General Fund to the School District Property Tax Relief Credit Fund in fiscal year 2024-25, on such dates and in such amounts as directed by the budget administrator of the budget division of the Department of Administrative Services.

(b) It is the intent of the Legislature that seven hundred eighty million dollars be transferred from the General Fund to the School District Property Tax Relief Credit Fund in fiscal year 2025-26.

(c) It is the intent of the Legislature that eight hundred eight million dollars be transferred from the General Fund to the School District Property Tax Relief Credit Fund in fiscal year 2026-27.

(d) It is the intent of the Legislature that eight hundred thirty-eight million dollars be transferred from the General Fund to the School District Property Tax Relief Credit Fund in fiscal year 2027-28.

(e) It is the intent of the Legislature that eight hundred seventy million dollars be transferred from the General Fund to the School District Property Tax Relief Credit Fund in fiscal year 2028-29.

(f) It is the intent of the Legislature that nine hundred two million dollars be transferred from the General Fund to the School District Property Tax Relief Credit Fund in fiscal year 2029-30.

(g) It is the intent of the Legislature that the amount transferred from the General Fund to the School District Property Tax Relief Credit Fund in fiscal year 2030-31 and each fiscal year thereafter be equal to the total amount transferred in the preceding fiscal year increased by three percent.

Sec. 13. (1) The School District Property Tax Relief Act shall apply to tax year 2024 and each tax year thereafter. For tax year 2024, the total amount of relief granted under the act shall be seven hundred fifty million dollars. For tax year 2025, the total amount of relief granted under the act shall be seven hundred eighty million dollars. For tax year 2026, the total amount of relief granted under the act shall be eight hundred eight million dollars. For tax year 2027, the total amount of relief granted under the act shall be eight hundred thirty-eight million dollars. For tax year 2028, the total amount of relief granted under the act shall be eight hundred seventy million dollars. For tax year 2029, the total amount of relief granted under the act shall be nine hundred two million dollars. For tax year 2030 and each tax year thereafter, the total amount of relief granted under the act shall be the total amount of relief from the prior year increased by three percent. The relief shall be in the form of property tax credits which appear on property tax statements. Property tax credits granted under the act shall be credited against the amount of property taxes owed to school districts.

(2) To determine the amount of the property tax credit for each parcel, the county treasurer shall multiply the amount disbursed to the county under subsection (4) of this section by the ratio of the school district taxes levied in the prior year on the parcel to the school district taxes levied in the prior year on all real property in the county. The amount so determined shall be the property tax credit for that parcel.

(3) If the real property owner qualifies for a homestead exemption under sections 77-3501 to 77-3529, the owner shall also be qualified for the property tax credit provided in this section to the extent of any remaining liability after calculation of the homestead exemption. If the property tax credit provided in this section results in a property tax liability on the homestead that is less than zero, the amount of the credit which cannot be used by the taxpayer shall be returned to the Property Tax Administrator by July 1 of the year the amount disbursed to the county was disbursed. The Property Tax Administrator shall immediately credit any funds returned under this subsection to the School District Property Tax Relief Credit Fund. Upon the return of any funds under this subsection, the county treasurer shall electronically file a report with the Property Tax Administrator, on a form prescribed by the Tax Commissioner, indicating the amount of funds distributed to each school district in the county in the year the funds were returned and the amount of unused credits returned.

(4) The amount disbursed to each county under this section shall be equal to the amount available for disbursement under subsection (1) of this section multiplied by the ratio of the school district taxes levied in the prior year on all real property in the county to the school district taxes levied in the prior year on all real property in the state. By September 15, 2024, and by September 15 of each year thereafter, the Property Tax Administrator shall determine the amount to be disbursed under this subsection to each county and shall certify such amounts to the State Treasurer and to each county. The disbursements to the counties shall occur in two equal payments, the first on or before January 31 and the second on or before April 1.

(5) The county treasurer shall disburse amounts received under subsection (4) of this section, which are credited against the amount of property taxes

owed to school districts, in the same manner as if such funds had been received in the form of property tax payments for property taxes owed to school districts, meaning any amounts attributable to divided taxes pursuant to section 18-2147 of the Community Development Law shall be remitted to the applicable authority for which such taxes were divided.

(6) The School District Property Tax Relief Credit Fund shall be used for purposes of making the disbursements to counties required under subsection (4) of this section.

Sec. 14. Section 13-508, Reissue Revised Statutes of Nebraska, is amended to read:

13-508 (1) After publication and hearing thereon and within the time prescribed by law, each governing body shall file with and certify to the levying board or boards on or before September 30 of each year or September 30 of the final year of a biennial period and file with the auditor a copy of the adopted budget statement which complies with sections 13-518 to 13-522 or 79-1023 to 79-1030, if applicable, together with the amount of the tax required to fund the adopted budget, setting out separately (a) the amount to be levied for the payment of principal or interest on bonds issued or authorized to be issued by the governing body or the legal voters of the political subdivision and (b) the amount to be levied for all other purposes. Proof of publication shall be attached to the statements. For fiscal years prior to fiscal year 2017-18, learning communities shall also file a copy of such adopted budget statement with member school districts on or before September 1 of each year. If the prime rate published by the Federal Reserve Board is ten percent or more at the time of the filing and certification required under this subsection, the governing body, in certifying the amount required, may make allowance for delinquent taxes not exceeding five percent of the amount required plus the actual percentage of delinquent taxes for the preceding tax year or biennial period and for the amount of estimated tax loss from any pending or anticipated litigation which involves taxation and in which tax collections have been or can be withheld or escrowed by court order. For purposes of this section, anticipated litigation shall be limited to the anticipation of an action being filed by a taxpayer who or which filed a similar action for the preceding year or biennial period which is still pending. Except for such allowances, a governing body shall not certify an amount of tax more than one percent greater or lesser than the amount determined under section 13-505.

(2) Each governing body shall use the certified taxable values as provided by the county assessor pursuant to section 13-509 for the current year in setting or certifying the levy. Each governing body may designate one of its members to perform any duty or responsibility required of such body by this section.

Sec. 15. Section 13-518, Reissue Revised Statutes of Nebraska, is amended to read:

13-518 For purposes of sections 13-518 to 13-522:

(1) Allowable growth means (a) for governmental units other than community colleges, the percentage increase in taxable valuation in excess of the base limitation established under section 77-3446, if any, due to improvements to real property as a result of new construction, additions to existing buildings, any improvements to real property which increase the value of such property, and any increase in valuation due to annexation and any personal property valuation over the prior year and (b) for community colleges, the percentage increase in excess of the base limitation, if any, in full-time equivalent students from the second year to the first year preceding the year for which the budget is being determined;

(2) Capital improvements means (a) acquisition of real property or (b) acquisition, construction, or extension of any improvements on real property;

(3) Governing body has the same meaning as in section 13-503, except that for fiscal years beginning on or after July 1, 2025, such term shall not include the governing body of any county, city, or village;

(4) Governmental unit means every political subdivision which has authority to levy a property tax or authority to request levy authority under section 77-3443, except that such term shall not include (a) sanitary and improvement districts which have been in existence for five years or less, (b) and school districts, or (c) for fiscal years beginning on or after July 1, 2025, counties, cities, or villages;

(5) Qualified sinking fund means a fund or funds maintained separately from the general fund to pay for acquisition or replacement of tangible personal property with a useful life of five years or more which is to be undertaken in the future but is to be paid for in part or in total in advance using periodic payments into the fund. The term includes sinking funds under subdivision (13) of section 35-508 for firefighting and rescue equipment or apparatus;

(6) Restricted funds means (a) property tax, excluding any amounts refunded to taxpayers, (b) payments in lieu of property taxes, (c) local option sales taxes, (d) motor vehicle taxes, (e) state aid, (f) transfers of surpluses from any user fee, permit fee, or regulatory fee if the fee surplus is transferred to fund a service or function not directly related to the fee and the costs of the activity funded from the fee, (g) any funds excluded from restricted funds for the prior year because they were budgeted for capital improvements but which were not spent and are not expected to be spent for capital improvements, (h) the tax provided in sections 77-27,223 to 77-27,227 beginning in the second fiscal year in which the county will receive a full year of receipts, and (i) any excess tax collections returned to the county

under section 77-1776. Funds received pursuant to the nameplate capacity tax levied under section 77-6203 for the first five years after a renewable energy generation facility has been commissioned are nonrestricted funds; and

(7) State aid means:

(a) For all governmental units, state aid paid pursuant to sections 60-3,202 and 77-3523 and reimbursement provided pursuant to section 77-1239;

(b) For municipalities, state aid to municipalities paid pursuant to sections 39-2501 to 39-2520, 60-3,190, and 77-27,139.04 and insurance premium tax paid to municipalities;

(c) For counties, state aid to counties paid pursuant to sections 60-3,184 to 60-3,190, insurance premium tax paid to counties, and reimbursements to counties from funds appropriated pursuant to section 29-3933;

(d) For community colleges, state aid to community colleges paid pursuant to the Community College Aid Act;

(e) For educational service units, state aid appropriated under sections 79-1241.01 and 79-1241.03; and

(f) For local public health departments as defined in section 71-1626, state aid as distributed under section 71-1628.08.

Sec. 16. Section 13-2817, Reissue Revised Statutes of Nebraska, is amended to read:

13-2817 (1) Any municipality that is within the boundaries of a municipal county that is not merged into the municipal county shall be required to pay the municipal county for services that were previously provided by the county and are not ordinarily provided by a municipality. Except as provided in subsection (2) of this section, the amount paid shall be equal to the attributable cost of county services times a ratio, the numerator of which is the total valuation of all municipalities that are within the boundaries of the municipal county and the denominator of which is the total valuation of the municipal county and all municipalities and unconsolidated sanitary and improvement districts that are within the boundaries of the municipal county that are not merged into the municipal county, times a ratio the numerator of which is the valuation of the particular municipality and the denominator of which is the total valuation of all municipalities that are within the boundaries of the municipal county, except that (a) the amount paid shall not exceed the total taxable valuation of the municipality times forty-five hundredths of one percent and (b) the municipality shall not be required to pay the municipal county for fire protection or ambulance services.

(2) The amount paid for law enforcement by a municipality that is within the boundaries of a municipal county but is not merged into the municipal county shall be as follows: (a) If the county did not provide law enforcement services prior to the formation of the municipal county or if the municipality continues its own law enforcement services after formation of the municipal county, the total cost of services budgeted by the municipal county for law enforcement shall be the net cost of services that are the express and exclusive duties and responsibilities of the county sheriff by law times the same ratios calculated in subsection (1) of this section; (b) if the municipality discontinues providing law enforcement services after the formation of the municipal county (i) the municipal county shall provide a level of service in such municipality that is equal to the level provided in the area or areas of the municipal county that were municipalities prior to the formation of the municipal county and (ii) the municipality shall pay the municipal county for the cost of county services for law enforcement as calculated in subsection (1) of this section, except that for the first five years, the amount shall be no more than the amount budgeted by the municipality for law enforcement services in the last year the municipality provided the services for itself; and (c) if the municipal county has deputized the police force of the municipality to perform the express and exclusive duties and responsibilities of the county sheriff by law, there shall be no amount paid to the municipal county for law enforcement services.

(3) Disputes regarding the amounts any municipality that is within the boundaries of a municipal county that is not merged into the municipal county must pay to the municipal county for services that were previously provided by the county and are not ordinarily provided by a municipality shall be heard in the district court of such municipal county.

(4) For purposes of this section and section 13-2818, attributable cost of county services means the total budgeted cost of services that were previously provided by the county for the immediately prior fiscal year times a ratio, the numerator of which is the property tax request of the municipal county or the county and all cities to be consolidated for the prior fiscal year, not including any tax for bonded indebtedness, and the denominator of which is the total ~~revenue from all sources that was of the restricted funds as defined in section 13-518 plus inheritance taxes, fees, and charges and other revenue that were budgeted for the immediately prior fiscal year by the municipal county or the county and all cities to be consolidated.~~

Sec. 17. Section 29-3933, Reissue Revised Statutes of Nebraska, is amended to read:

29-3933 (1) Any county which intends to request reimbursement for a portion of its expenditures for its indigent defense system must comply with this section.

(2) In order to assist the Commission on Public Advocacy in its budgeting process for determining future reimbursement amounts, after July 1, 2002, and before July 15, 2002, and for each year thereafter in which the county intends to seek reimbursement for a portion of its expenditures for indigent defense

services in felony cases for the next fiscal year, the county shall present to the Commission on Public Advocacy (a) a plan, in a format approved by the commission, describing how the county intends to provide indigent defense services in felony cases, (b) a statement of intent declaring that the county intends to comply with the standards set by the commission for felony cases and that the county intends to apply for reimbursement, and (c) a projection of the total dollar amount of expenditures for that county's indigent defense services in felony cases for the next fiscal year.

(3) The commission may conduct whatever investigation is necessary and may require certifications by key individuals in the criminal justice system, in order to determine if the county is in compliance with the standards. If a county is certified by the commission as having met the standards established by the commission for felony cases, the county shall be eligible for reimbursement according to the following schedule and procedures: The county clerk of the county seeking reimbursement may submit, on a quarterly basis, a certified request to the commission, for reimbursement from funds appropriated by the Legislature, for an amount equal to one-fourth of the county's actual expenditures for indigent defense services in felony cases.

(4) Upon certification by the county clerk of the amount of the expenditures, and a determination by the commission that the request is in compliance with the standards set by the commission for felony cases, the commission shall quarterly authorize an amount of reimbursement to the county as set forth in this section.

(5) If the appropriated funds are insufficient in any quarter to meet the amount needed for full payment of all county reimbursements for net expenditures that are certified for that quarter, the commission shall pay the counties their pro rata share of the remaining funds based upon the percentage of the county's certified request in comparison to the total certified requests for that quarter.

(6) For purposes of section 13-519, for any year in which a county first seeks reimbursement from funds appropriated by the Legislature or has previously qualified for reimbursement and is seeking additional reimbursement for improving its indigent criminal defense program, the last prior year's total of restricted funds shall be the last prior year's total of restricted funds plus any increased amount budgeted for indigent defense services that is required to develop a plan and meet the standards necessary to qualify for reimbursement of expenses from funds appropriated by the Legislature. This subsection applies to fiscal years beginning prior to July 1, 2025.

Sec. 18. Section 72-2305, Reissue Revised Statutes of Nebraska, is amended to read:

72-2305 For joint projects described in subdivision (2)(a) of section 72-2303, the principal amount of bonds which may be issued by a qualified public agency under the Public Facilities Construction and Finance Act shall not exceed five million dollars as to the total principal amount of such bonds which may be outstanding at any time, and the annual amounts due by reason of such bonds from each qualified public agency shall not exceed five percent of the total revenue from all sources ~~restricted funds~~ of the obligated qualified public agency in the year prior to issuance. The principal amount of bonds of qualified public agencies in the aggregate issued for any one such joint project shall not exceed five million dollars.

Sec. 19. Section 72-2306, Reissue Revised Statutes of Nebraska, is amended to read:

72-2306 For joint projects described in subdivision (2)(b) of section 72-2303, the principal amount of bonds which may be issued by a qualified public agency under the Public Facilities Construction and Finance Act shall not exceed two hundred fifty thousand dollars for cities of the metropolitan and primary classes, one hundred thousand dollars for counties, cities of the first class, school districts, educational service units, and community colleges, and fifty thousand dollars for cities of the second class and villages, as to the total principal amount of such bonds which may be outstanding at any time, and the annual amounts due by reason of such bonds from each qualified public agency shall not exceed five percent of the total revenue from all sources ~~restricted funds~~ of the obligated qualified public agency in the year prior to issuance. The principal amount of bonds of a qualified public agency in the aggregate issued for any one such joint project shall not exceed two hundred ~~and~~ fifty thousand dollars for cities of the metropolitan and primary classes and one hundred thousand dollars for counties, cities of the first class, cities of the second class, villages, school districts, educational service units, and community colleges.

Sec. 20. Section 77-1632, Revised Statutes Supplement, 2023, is amended to read:

77-1632 (1) If the annual assessment of property would result in an increase in the total property taxes levied by a county, city, village, school district, learning community, sanitary and improvement district, natural resources district, educational service unit, or community college, as determined using the previous year's rate of levy, such political subdivision's property tax request for the current year shall be no more than its property tax request in the prior year, and the political subdivision's rate of levy for the current year shall be decreased accordingly when such rate is set by the county board of equalization pursuant to section 77-1601. The governing body of the political subdivision shall pass a resolution or ordinance to set the amount of its property tax request after holding the public hearing required in subsection (3) of this section. If the governing body of a political

subdivision seeks to set its property tax request at an amount that exceeds its property tax request in the prior year, it may do so, subject to the limitations provided in the School District Property Tax Limitation Act and the Property Tax Growth Limitation Act, to the extent allowed by law after holding the public hearing required in subsection (3) of this section and by passing a resolution or ordinance that complies with subsection (4) of this section. If any county, city, school district, or community college seeks to increase its property tax request by more than the allowable growth percentage, such political subdivision shall comply with the requirements of section 77-1633 in lieu of the requirements in subsections (3) and (4) of this section.

(2) If the annual assessment of property would result in no change or a decrease in the total property taxes levied by a county, city, village, school district, learning community, sanitary and improvement district, natural resources district, educational service unit, or community college, as determined using the previous year's rate of levy, such political subdivision's property tax request for the current year shall be no more than its property tax request in the prior year, and the political subdivision's rate of levy for the current year shall be adjusted accordingly when such rate is set by the county board of equalization pursuant to section 77-1601. The governing body of the political subdivision shall pass a resolution or ordinance to set the amount of its property tax request after holding the public hearing required in subsection (3) of this section. If the governing body of a political subdivision seeks to set its property tax request at an amount that exceeds its property tax request in the prior year, it may do so, subject to the limitations provided in the School District Property Tax Limitation Act and the Property Tax Growth Limitation Act, to the extent allowed by law after holding the public hearing required in subsection (3) of this section and by passing a resolution or ordinance that complies with subsection (4) of this section. If any county, city, school district, or community college seeks to increase its property tax request by more than the allowable growth percentage, such political subdivision shall comply with the requirements of section 77-1633 in lieu of the requirements in subsections (3) and (4) of this section.

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

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

(a) The name of the political subdivision;  
(b) The amount of the property tax request;  
(c) The following statements:  
(i) The total assessed value of property differs from last year's total assessed value by ..... percent;

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

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

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

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

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

Sec. 21. Section 77-1633, Revised Statutes Supplement, 2023, is amended to read:

77-1633 (1) For purposes of this section, political subdivision means any county, city, school district, or community college.

(2) If any political subdivision seeks to increase its property tax request by more than the allowable growth percentage, such political subdivision may do so, subject to the limitations provided in the School

District Property Tax Limitation Act and the Property Tax Growth Limitation Act, if the following requirements are met to the extent allowed by law if:

(a) A public hearing is held and notice of such hearing is provided in compliance with subsection (3) of this section; and

(b) The governing body of such political subdivision passes a resolution or an ordinance that complies with subsection (4) of this section.

(3)(a) Each political subdivision within a county that seeks to increase its property tax request by more than the allowable growth percentage shall participate in a joint public hearing. Each such political subdivision shall designate one representative to attend the joint public hearing on behalf of the political subdivision. If a political subdivision includes area in more than one county, the political subdivision shall be deemed to be within the county in which the political subdivision's principal headquarters are located. At such hearing, there shall be no items on the agenda other than discussion on each political subdivision's intent to increase its property tax request by more than the allowable growth percentage.

(b) At least one elected official from each participating political subdivision shall attend the joint public hearing. An elected official may be the designated representative from a participating political subdivision. The presence of a quorum or the participation of elected officials at the joint public hearing does not constitute a meeting as defined by section 84-1409 of the Open Meetings Act.

(c) The joint public hearing shall be held on or after September 14 and prior to September 24 and before any of the participating political subdivisions file their adopted budget statement pursuant to section 13-508.

(d) The joint public hearing shall be held after 6 p.m. local time on the relevant date.

(e) The joint public hearing shall be organized by the county clerk or his or her designee. At the joint public hearing, the designated representative of each political subdivision shall give a brief presentation on the political subdivision's intent to increase its property tax request by more than the allowable growth percentage and the effect of such request on the political subdivision's budget. The presentation shall include:

- (i) The name of the political subdivision;
- (ii) The amount of the property tax request; and
- (iii) The following statements:

(A) The total assessed value of property differs from last year's total assessed value by ..... percent;

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

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

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

(E) To obtain more information regarding the increase in the property tax request, citizens may contact the (name of political subdivision) at (telephone number and email address of political subdivision).

(f) Any member of the public shall be allowed to speak at the joint public hearing and shall be given a reasonable amount of time to do so.

(g) Notice of the joint public hearing shall be provided:

(i) By sending a postcard to all affected property taxpayers. The postcard shall be sent to the name and address to which the property tax statement is mailed;

(ii) By posting notice of the hearing on the home page of the relevant county's website, except that this requirement shall only apply if the county has a population of more than ten thousand inhabitants; and

(iii) By publishing notice of the hearing in a legal newspaper in or of general circulation in the relevant county.

(h) Each political subdivision that participates in the joint public hearing shall electronically send the information prescribed in subdivision (3)(i) of this section to the county assessor by September 4. The county clerk shall notify the county assessor of the date, time, and location of the joint public hearing no later than September 4. The county clerk shall notify each participating political subdivision of the date, time, and location of the joint public hearing. The county assessor shall send the information required to be included on the postcards pursuant to subdivision (3)(i) of this section to a printing service designated by the county board. The initial cost for printing the postcards shall be paid from the county general fund. Such postcards shall be mailed at least seven calendar days before the joint public hearing. The cost of creating and mailing the postcards, including staff time, materials, and postage, shall be charged proportionately to the political subdivisions participating in the joint public hearing based on the total number of parcels in each participating political subdivision. Each participating political subdivision shall also maintain a prominently displayed and easily accessible link on the home page of the political subdivision's website to the political subdivision's proposed budget, except that this requirement shall not apply if the political subdivision is a county with a population of less than ten thousand inhabitants, a city with a population of less than one thousand inhabitants, or, for joint public hearings prior to January 1, 2024, a school district.

(i) The postcard sent under this subsection and the notice posted on the



county's website, if required under subdivision (3)(g)(ii) of this section, and published in the newspaper shall include the date, time, and location for the joint public hearing, a listing of and telephone number for each political subdivision that will be participating in the joint public hearing, and the amount of each participating political subdivision's property tax request. The postcard shall also contain the following information:

(i) The following words in capitalized type at the top of the postcard: NOTICE OF PROPOSED TAX INCREASE;

(ii) The name of the county that will hold the joint public hearing, which shall appear directly underneath the capitalized words described in subdivision (3)(i)(i) of this section;

(iii) The following statement: The following political subdivisions are proposing a revenue increase which would result in an overall increase in property taxes in (insert current tax year). THE ACTUAL TAX ON YOUR PROPERTY MAY INCREASE OR DECREASE. This notice contains estimates of the tax on your property as a result of this revenue increase. These estimates are calculated on the basis of the proposed (insert current tax year) data. The actual tax on your property may vary from these estimates.

(iv) The parcel number for the property;

(v) The name of the property owner and the address of the property;

(vi) The property's assessed value in the previous tax year;

(vii) The amount of property taxes due in the previous tax year for each participating political subdivision;

(viii) The property's assessed value for the current tax year;

(ix) The amount of property taxes due for the current tax year for each participating political subdivision;

(x) The change in the amount of property taxes due for each participating political subdivision from the previous tax year to the current tax year; and

(xi) The following statement: To obtain more information regarding the tax increase, citizens may contact the political subdivision at the telephone number provided in this notice.

(4) After the joint public hearing required in subsection (3) of this section, the governing body of each participating political subdivision shall pass an ordinance or resolution to set such political subdivision's property tax request. If the political subdivision is increasing its property tax request over the amount from the prior year, including any increase in excess of the allowable growth percentage, then such ordinance or resolution shall include, but not be limited to, the following information:

(a) The name of the political subdivision;

(b) The amount of the property tax request;

(c) The following statements:

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

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

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

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

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

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

(6) The county clerk, or his or her designee, shall prepare a report which shall include:

(a) The names of the designated representatives of the political subdivisions participating in the joint public hearing;

(b) The name and address of each individual who spoke at the joint public hearing, unless the address requirement is waived to protect the security of the individual, and the name of any organization represented by each such individual;

(c) The name of each political subdivision that participated in the joint public hearing;

(d) The real growth value and real growth percentage for each participating political subdivision;

(e) The amount each participating political subdivision seeks to increase its property tax request in excess of the allowable growth percentage; and

(f) The number of individuals who signed in to attend the joint public hearing.

Such report shall be delivered to the political subdivisions participating in the joint public hearing within ten days after such hearing.

Sec. 22. Section 77-1701, Revised Statutes Supplement, 2023, is amended to read:

77-1701 (1) The county treasurer shall be ex officio county collector of all taxes levied within the county. The county board shall designate a county official to mail or otherwise deliver a statement of the amount of taxes due and a notice that special assessments are due, to the last-known address of the person, firm, association, or corporation against whom such taxes or special assessments are assessed or to the lending institution or other party

responsible for paying such taxes or special assessments. Such statement shall clearly indicate, for each political subdivision, the levy rate and the amount of taxes due to fund public safety services as defined in section 13-320, county attorneys, and public defenders. Such statement shall also clearly indicate, for each political subdivision, the levy rate and the amount of taxes due as the result of principal or interest payments on bonds issued by the political subdivision and shall show such rate and amount separate from any other levy. When taxes on real property are delinquent for a prior year, the county treasurer shall indicate this information on the current year tax statement in bold letters. The information provided shall inform the taxpayer that delinquent taxes and interest are due for the prior year or years and shall indicate the specific year or years for which such taxes and interest remain unpaid. The language shall read "Back Taxes and Interest Due For", followed by numbers to indicate each year for which back taxes and interest are due and a statement indicating that failure to pay the back taxes and interest may result in the loss of the real property. Failure to receive such statement or notice shall not relieve the taxpayer from any liability to pay such taxes or special assessments and any interest or penalties accrued thereon. In any county in which a city of the metropolitan class is located, all statements of taxes shall also include notice that special assessments for cutting weeds, removing litter, and demolishing buildings are due.

(2) Notice that special assessments are due shall not be required for special assessments levied by sanitary and improvement districts organized under Chapter 31, article 7, except that such notice may be provided by the county at the discretion of the county board or by the sanitary and improvement district with the approval of the county board.

(3) A statement of the amount of taxes due and a notice that special assessments are due shall not be required to be mailed or otherwise delivered pursuant to subsection (1) of this section if the total amount of the taxes and special assessments due is less than two dollars. Failure to receive the statement or notice shall not relieve the taxpayer from any liability to pay the taxes or special assessments but shall relieve the taxpayer from any liability for interest or penalties. Taxes and special assessments of less than two dollars shall be added to the amount of taxes and special assessments due in subsequent years and shall not be considered delinquent until the total amount is two dollars or more.

Sec. 23. Section 77-1776, Revised Statutes Cumulative Supplement, 2022, is amended to read:

77-1776 Any political subdivision which has received proceeds from a levy imposed on all taxable property within an entire county which is in excess of that requested by the political subdivision under the Property Tax Request Act as a result of a clerical error or mistake shall, in the fiscal year following receipt, return the excess tax collections, net of the collection fee, to the county. By July 31 of the fiscal year following the receipt of any excess tax collections, the county treasurer shall certify to the political subdivision the amount to be returned. For fiscal years beginning prior to July 1, 2025, such ~~such~~ excess tax collections shall be restricted funds in the budget of the county that receives the funds under section 13-518.

Sec. 24. Section 77-27,142, Reissue Revised Statutes of Nebraska, is amended to read:

77-27,142 (1) Any incorporated municipality other than a city of the metropolitan class by ordinance of its governing body is hereby authorized to impose a sales and use tax of one-half percent, one percent, one and one-half percent, one and three-quarters percent, or two percent upon the same transactions that are sourced under the provisions of sections 77-2703.01 to 77-2703.04 within such incorporated municipality on which the State of Nebraska is authorized to impose a tax pursuant to the Nebraska Revenue Act of 1967, as amended from time to time. Any city of the metropolitan class by ordinance of its governing body is hereby authorized to impose a sales and use tax of one-half percent, one percent, or one and one-half percent upon the same transactions that are sourced under the provisions of sections 77-2703.01 to 77-2703.04 within such city of the metropolitan class on which the State of Nebraska is authorized to impose a tax pursuant to the Nebraska Revenue Act of 1967, as amended from time to time. No sales and use tax shall be imposed pursuant to this section until an election has been held and a majority of the qualified electors have approved such tax pursuant to sections 77-27,142.01 and 77-27,142.02.

(2)(a) Any incorporated municipality that proposes to impose a municipal sales and use tax at a rate greater than one and one-half percent or increase a municipal sales and use tax to a rate greater than one and one-half percent shall submit the question of such tax or increase at a primary or general election held within the incorporated municipality. The question shall be submitted upon an affirmative vote by at least seventy percent of all of the members of the governing body of the incorporated municipality.

(b) Any rate greater than one and one-half percent shall be used as follows:

(i) In a city of the primary class, up to fifteen percent of the proceeds from the rate in excess of one and one-half percent may be used for non-public infrastructure projects of an interlocal agreement or joint public agency agreement with another political subdivision within the municipality or the county in which the municipality is located, and the remaining proceeds shall be used for public infrastructure projects or voter-approved infrastructure related to an economic development program as defined in section 18-2705; and

(ii) In any incorporated municipality other than a city of the primary class, the proceeds from the rate in excess of one and one-half percent shall be used for public infrastructure projects or voter-approved infrastructure related to an economic development program as defined in section 18-2705.

For purposes of this section, public infrastructure project means and includes, but is not limited to, any of the following projects, or any combination thereof: Public highways and bridges and municipal roads, streets, bridges, and sidewalks; solid waste management facilities; wastewater, storm water, and water treatment works and systems, water distribution facilities, and water resources projects, including, but not limited to, pumping stations, transmission lines, and mains and their appurtenances; hazardous waste disposal systems; resource recovery systems; airports; port facilities; buildings and capital equipment used in the operation of municipal government; convention and tourism facilities; redevelopment projects as defined in section 18-2103; mass transit and other transportation systems, including parking facilities; and equipment necessary for the provision of municipal services.

(c) Any rate greater than one and one-half percent shall terminate no more than ten years after its effective date or, if bonds are issued and the local option sales and use tax revenue is pledged for payment of such bonds, upon payment of such bonds and any refunding bonds, whichever date is later, except as provided in subdivision (2)(d) of this section.

(d) If a portion of the rate greater than one and one-half percent is stated in the ballot question as being imposed for the purpose of the interlocal agreement or joint public agency agreement described in subdivision (2)(b)(i) or subsection (3) of this section, and such portion is at least one-eighth percent, there shall be no termination date for the rate representing such portion rounded to the next higher one-quarter or one-half percent.

(e) For fiscal years beginning prior to July 1, 2025, sections Sections 13-518 to 13-522 apply to the revenue from any such tax or increase.

(3)(a) No municipal sales and use tax shall be imposed at a rate greater than one and one-half percent or increased to a rate greater than one and one-half percent unless the municipality is a party to an interlocal agreement pursuant to the Interlocal Cooperation Act or a joint public agency agreement pursuant to the Joint Public Agency Act with a political subdivision within the municipality or the county in which the municipality is located creating a separate legal or administrative entity relating to a public infrastructure project.

(b) Except as provided in subdivision (2)(b)(i) of this section, such interlocal agreement or joint public agency agreement shall contain provisions, including benchmarks, relating to the long-term development of unified governance of public infrastructure projects with respect to the parties. The Legislature may provide additional requirements for such agreements, including benchmarks, but such additional requirements shall not apply to any debt outstanding at the time the Legislature enacts such additional requirements. The separate legal or administrative entity created shall not be one that was in existence for one calendar year preceding the submission of the question of such tax or increase at a primary or general election held within the incorporated municipality.

(c) Any other public agency as defined in section 13-803 may be a party to such interlocal cooperation agreement or joint public agency agreement.

(d) A municipality is not required to use all of the additional revenue generated by a sales and use tax imposed at a rate greater than one and one-half percent or increased to a rate greater than one and one-half percent under this subsection for the purposes of the interlocal cooperation agreement or joint public agency agreement set forth in this subsection.

(4) The provisions of subsections (2) and (3) of this section do not apply to the first one and one-half percent of a sales and use tax imposed by a municipality.

(5) Notwithstanding any provision of any municipal charter, any incorporated municipality or interlocal agency or joint public agency pursuant to an agreement as provided in subsection (3) of this section may issue bonds in one or more series for any municipal purpose and pay the principal of and interest on any such bonds by pledging receipts from the increase in the municipal sales and use taxes authorized by such municipality. Any municipality which has or may issue bonds under this section may dedicate a portion of its property tax levy authority as provided in section 77-3442 to meet debt service obligations under the bonds. For purposes of this subsection, bond means any evidence of indebtedness, including, but not limited to, bonds, notes including notes issued pending long-term financing arrangements, warrants, debentures, obligations under a loan agreement or a lease-purchase agreement, or any similar instrument or obligation.

Sec. 25. Section 77-27,144, Revised Statutes Cumulative Supplement, 2022, is amended to read:

77-27,144 (1) The Tax Commissioner shall collect the tax imposed by any incorporated municipality concurrently with collection of a state tax in the same manner as the state tax is collected. The Tax Commissioner shall remit monthly the proceeds of the tax to the incorporated municipalities levying the tax, after deducting the amount of refunds made and three percent of the remainder to be credited to the Municipal Equalization Fund.

(2)(a) Deductions for a refund made pursuant to section 77-4105, 77-4106, 77-5725, or 77-5726 and owed by a city of the first class, city of the second class, or village shall be delayed for one year after the refund has been made to the taxpayer. The Department of Revenue shall notify the municipality liable

for a refund exceeding one thousand five hundred dollars of the pending refund, the amount of the refund, and the month in which the deduction will be made or begin, except that if the amount of a refund claimed under section 77-4105, 77-4106, 77-5725, or 77-5726 exceeds twenty-five percent of the municipality's total sales and use tax receipts, net of any refunds or sales tax collection fees, for the municipality's prior fiscal year, the department shall deduct the refund over the period of one year in equal monthly amounts beginning after the one-year notification period required by this subdivision.

(b) Deductions for a refund made pursuant to section 77-4105, 77-4106, 77-5725, or 77-5726 and owed by a city of the metropolitan class or city of the primary class shall be made as follows:

(i) During calendar year 2023, such deductions shall be made in accordance with subsection (1) of this section; and

(ii) During calendar year 2024 and each calendar year thereafter, such deductions shall be made based on estimated amounts as described in this subdivision. On or before March 1, 2023, and on or before March 1 of each year thereafter, the Department of Revenue shall notify each city of the metropolitan class and city of the primary class of the total amount of such refunds that are estimated to be paid during the following calendar year. Such estimated amount shall be used to establish the total amount to be deducted in the following calendar year. The department shall deduct such amount over the following calendar year in twelve equal monthly amounts. Beginning with the notification sent in calendar year 2025, the notification shall include any adjustment needed for the prior calendar year to account for any difference between the estimated amount deducted in such prior calendar year and the actual amount of refunds paid in such year.

(3) Deductions for a refund made pursuant to the ImagiNE Nebraska Act shall be delayed as provided in this subsection after the refund has been made to the taxpayer. The Department of Revenue shall notify each municipality liable for a refund exceeding one thousand five hundred dollars of the pending refund and the amount of the refund claimed under the ImagiNE Nebraska Act. The notification shall be made by March 1 of each year beginning in 2021 and shall be used to establish the refund amount for the following calendar year. The notification shall include any excess or underpayment from the prior calendar year. The department shall deduct the refund over a period of one year in equal monthly amounts beginning in January following the notification. This subsection applies to total annual refunds exceeding one million dollars or twenty-five percent of the municipality's total sales and use tax receipts for the prior fiscal year, whichever is the lesser amount.

(4) Deductions for a refund made pursuant to the Urban Redevelopment Act shall be delayed as provided in this subsection after the refund has been made to the taxpayer. The Department of Revenue shall notify each municipality liable for a refund exceeding one thousand five hundred dollars of the pending refund and the amount of the refund claimed under the Urban Redevelopment Act. The notification shall be made by March 1 of each year beginning in 2022 and shall be used to establish the refund amount for the following calendar year. The notification shall include any excess or underpayment from the prior calendar year. The department shall deduct the refund over a period of one year in equal monthly amounts beginning in January following the notification. This subsection applies to total annual refunds exceeding one million dollars or twenty-five percent of the municipality's total sales and use tax receipts for the prior fiscal year, whichever is the lesser amount.

(5) The Tax Commissioner shall keep full and accurate records of all money received and distributed under the provisions of the Local Option Revenue Act. When proceeds of a tax levy are received but the identity of the incorporated municipality which levied the tax is unknown and is not identified within six months after receipt, the amount shall be credited to the Municipal Equalization Fund. The municipality may request the names and addresses of the retailers which have collected the tax as provided in subsection (13) of section 77-2711 and may certify an individual to request and review confidential sales and use tax returns and sales and use tax return information as provided in subsection (14) of section 77-2711.

(6)(a) Every qualifying business that has filed an application to receive tax incentives under the Employment and Investment Growth Act, the Nebraska Advantage Act, the ImagiNE Nebraska Act, or the Urban Redevelopment Act shall, with respect to such acts, provide annually to each municipality, in aggregate data, the maximum amount the qualifying business is eligible to receive in the current year in refunds of local sales and use taxes of the municipality and exemptions for the previous year, and the estimate of annual refunds of local sales and use taxes of the municipality and exemptions such business intends to claim in each future year. Such information shall be kept confidential by the municipality unless publicly disclosed previously by the taxpayer or by the State of Nebraska.

(b) For purposes of this subsection, municipality means a municipality that has adopted the local option sales and use tax under the Local Option Revenue Act and to which the qualifying business has paid such sales and use tax.

(c) The qualifying business shall provide the information to the municipality on or before June 30 of each year.

(d) Any amounts held by a municipality to make sales and use tax refunds under the Employment and Investment Growth Act, the Nebraska Advantage Act, the ImagiNE Nebraska Act, and the Urban Redevelopment Act shall not count toward any budgeted restricted funds limitation as provided in section 13-519 or

toward any cash reserve limitation as provided in section 13-504 and shall be excluded from the limitations of the Property Tax Growth Limitation Act.

Sec. 26. Section 77-4602, Revised Statutes Cumulative Supplement, 2022, is amended to read:

77-4602 (1) Within fifteen days after the end of each month, the Tax Commissioner shall provide a public statement of actual General Fund net receipts, a comparison of such actual net receipts to the monthly estimated net receipts from the most recent forecast provided by the Nebraska Economic Forecasting Advisory Board pursuant to section 77-27,158, and a comparison of such actual net receipts to the monthly actual net receipts for the same month of the previous fiscal year.

(2) Within fifteen days after the end of each fiscal year, the public statement shall also include (a) a summary of actual General Fund net receipts and estimated General Fund net receipts for the fiscal year as certified pursuant to sections 77-4601 and 77-4603 and (b) a comparison of the actual General Fund net receipts for the fiscal year to the actual General Fund net receipts for the previous fiscal year.

(3)(a) Within fifteen days after the end of each fiscal year, the Tax Commissioner shall determine actual General Fund net receipts for the most recently completed fiscal year minus estimated General Fund net receipts for such fiscal year as certified pursuant to sections 77-4601 and 77-4603.

(b) If actual General Fund net receipts for the most recently completed fiscal year exceed estimated General Fund net receipts for such fiscal year, the Tax Commissioner shall certify the excess amount to the State Treasurer. The State Treasurer shall transfer the excess amount to the Cash Reserve Fund, except as otherwise provided in subdivision (3)(c) of this section.

(c) If actual General Fund net receipts for the most recently completed fiscal year exceed one hundred three percent of actual General Fund net receipts for the previous fiscal year, the transfer described in subdivision (3)(b) of this section shall be modified as follows:

(i) The amount transferred to the Cash Reserve Fund shall be reduced by the excess amount calculated under subdivision (3)(c) of this section; and

(ii) Such excess amount shall be transferred to the School District Property Tax Relief Credit Fund.

~~(3)(a) Within fifteen days after the end of fiscal year 2020-21 and each fiscal year thereafter through fiscal year 2022-23, the Tax Commissioner shall determine the balance of the Cash Reserve Fund.~~

~~(b) If the balance of the Cash Reserve Fund is less than five hundred million dollars:~~

~~(i) The Tax Commissioner shall determine:~~

~~(A) Actual General Fund net receipts for the most recently completed fiscal year minus estimated General Fund net receipts for such fiscal year as certified pursuant to sections 77-4601 and 77-4603; and~~

~~(B) Actual General Fund net receipts for the most recently completed fiscal year minus one hundred three and one-half percent of actual General Fund net receipts for the prior fiscal year.~~

~~(ii) If the amounts calculated under subdivisions (3)(b)(i)(A) and (3)(b)(i)(B) of this section are both positive numbers, the Tax Commissioner shall certify (A) the amount determined under subdivision (3)(b)(i)(A) of this section and (B) fifty percent of the amount determined under subdivision (3)(b)(i)(B) of this section to the State Treasurer. The State Treasurer shall transfer the difference between the two certified amounts to the Cash Reserve Fund.~~

~~(iii) If the amount calculated under subdivision (3)(b)(i)(A) of this section is a positive number but the amount calculated under subdivision (3)(b)(i)(B) of this section is a negative number, the Tax Commissioner shall certify the amount determined under subdivision (3)(b)(i)(A) of this section to the State Treasurer and the State Treasurer shall transfer such certified amount to the Cash Reserve Fund.~~

~~(c) If the balance of the Cash Reserve Fund is five hundred million dollars or more:~~

~~(i) The Tax Commissioner shall determine:~~

~~(A) Actual General Fund net receipts for the most recently completed fiscal year minus estimated General Fund net receipts for such fiscal year as certified pursuant to sections 77-4601 and 77-4603; and~~

~~(B) Actual General Fund net receipts for the most recently completed fiscal year minus one hundred three and one-half percent of actual General Fund net receipts for the prior fiscal year.~~

~~(ii) If the amounts calculated under subdivisions (3)(c)(i)(A) and (3)(c)(i)(B) of this section are both positive numbers, the Tax Commissioner shall certify (A) the amount determined under subdivision (3)(c)(i)(A) of this section and (B) the amount determined under subdivision (3)(c)(i)(B) of this section to the State Treasurer. The State Treasurer shall transfer the difference between the two certified amounts to the Cash Reserve Fund.~~

~~(iii) If the amount calculated under subdivision (3)(c)(i)(A) of this section is a positive number but the amount calculated under subdivision (3)(c)(i)(B) of this section is a negative number, the Tax Commissioner shall certify the amount determined under subdivision (3)(c)(i)(A) of this section to the State Treasurer and the State Treasurer shall transfer such certified amount to the Cash Reserve Fund.~~

~~(4)(a) Within fifteen days after the end of fiscal year 2023-24 and each fiscal year thereafter, the Tax Commissioner shall determine the following:~~

~~(i) Actual General Fund net receipts for the most recently completed~~

~~fiscal year minus estimated General Fund net receipts for such fiscal year as certified pursuant to sections 77-4601 and 77-4603; and~~

~~(ii) Fifty percent of the product of actual General Fund net receipts for the most recently completed fiscal year times the difference between the annual percentage increase in the actual General Fund net receipts for the most recently completed fiscal year and the average annual percentage increase in the actual General Fund net receipts over the twenty previous fiscal years, excluding the year in which the annual percentage change in actual General Fund net receipts is the lowest.~~

~~(b) If the number determined under subdivision (4)(a)(i) of this section is a positive number, the Tax Commissioner shall immediately certify the greater of the two numbers determined under subdivision (4)(a) of this section to the director. The State Treasurer shall transfer the certified amount from the General Fund to the Cash Reserve Fund upon certification by the director of such amount. The transfer shall be made according to the following schedule:~~

~~(i) An amount equal to the amount determined under subdivision (4)(a)(i) of this section shall be transferred immediately; and~~

~~(ii) The remainder, if any, shall be transferred by the end of the subsequent fiscal year.~~

~~(c) If the transfer required under subdivision (4)(b) of this section causes the balance in the Cash Reserve Fund to exceed sixteen percent of the total budgeted General Fund expenditures for the current fiscal year, such transfer shall be reduced so that the balance of the Cash Reserve Fund does not exceed such amount.~~

~~(d) Nothing in this subsection prohibits the balance in the Cash Reserve Fund from exceeding sixteen percent of the total budgeted General Fund expenditures each fiscal year if the Legislature determines it necessary to prepare for and respond to budgetary requirements which may include, but are not limited to, capital construction projects and responses to emergencies.~~

Sec. 27. Section 77-6702, Revised Statutes Supplement, 2023, is amended to read:

77-6702 For purposes of the Nebraska Property Tax Incentive Act:

~~(1) Allowable growth percentage means the percentage increase, if any, in the total assessed value of all real property in the state from the prior year to the current year, as determined by the department;~~

~~(1) (2) Community college taxes means property taxes levied on real property in this state by a community college area, excluding the following:~~

~~(a) Any property taxes levied for bonded indebtedness;~~

~~(b) Any property taxes levied as a result of an override of limits on property tax levies approved by voters pursuant to section 77-3444; and~~

~~(c) Any property taxes that, as of the time of payment, were delinquent for five years or more;~~

~~(2) (3) Department means the Department of Revenue;~~

~~(3) (4) Eligible taxpayer means any individual, corporation, partnership, limited liability company, trust, estate, or other entity that pays school district taxes or community college taxes during a taxable year; and~~

~~(4) (5) School district taxes means property taxes levied on real property in this state by a school district or multiple-district school system, excluding the following:~~

~~(a) Any property taxes levied for bonded indebtedness;~~

~~(b) Any property taxes levied as a result of an override of limits on property tax levies approved by voters pursuant to section 77-3444; and~~

~~(c) Any property taxes that, as of the time of payment, were delinquent for five years or more.~~

Sec. 28. Section 77-6703, Revised Statutes Supplement, 2023, is amended to read:

77-6703 (1) For taxable years beginning or deemed to begin on or after January 1, 2020, and before January 1, 2024, under the Internal Revenue Code of 1986, as amended, there shall be allowed to each eligible taxpayer a refundable credit against the income tax imposed by the Nebraska Revenue Act of 1967 or against the franchise tax imposed by sections 77-3801 to 77-3807. The credit shall be equal to the credit percentage for the taxable year, as set by the department under subsection (2) of this section, multiplied by the amount of school district taxes paid by the eligible taxpayer during such taxable year.

~~(2)(a) For taxable years beginning or deemed to begin during calendar year 2020, the department shall set the credit percentage so that the total amount of credits for such taxable years shall be one hundred twenty-five million dollars;~~

~~(b) For taxable years beginning or deemed to begin during calendar year 2021, the department shall set the credit percentage so that the total amount of credits for such taxable years shall be one hundred twenty-five million dollars plus either (i) the amount calculated for such calendar year under subdivision (3)(b)(ii)(B) of section 77-4602 or (ii) the amount calculated for such calendar year under subdivision (3)(c)(ii)(B) of section 77-4602, whichever is applicable;~~

~~(2)(a) (c) For taxable years beginning or deemed to begin during calendar year 2022, the department shall set the credit percentage so that the total amount of credits for such taxable years shall be five hundred forty-eight million dollars; and~~

~~(b) (d) For taxable years beginning or deemed to begin during calendar year 2023, the department shall set the credit percentage so that the total amount of credits for such taxable years shall be five hundred sixty million seven hundred thousand dollars.~~ ÷

~~(e) For taxable years beginning or deemed to begin during calendar year 2024 through calendar year 2028, the department shall set the credit percentage so that the total amount of credits for such taxable years shall be the maximum amount of credits allowed in the prior year increased by the allowable growth percentage;~~

~~(f) For taxable years beginning or deemed to begin during calendar year 2029, the department shall set the credit percentage so that the total amount of credits for such taxable years shall be the maximum amount of credits allowed in the prior year increased by the allowable growth percentage plus an additional seventy-five million dollars; and~~

~~(g) For taxable years beginning or deemed to begin during calendar year 2030 and each calendar year thereafter, the department shall set the credit percentage so that the total amount of credits for such taxable years shall be the maximum amount of credits allowed in the prior year increased by the allowable growth percentage.~~

(3) If the school district taxes are paid by a corporation having an election in effect under subchapter S of the Internal Revenue Code, a partnership, a limited liability company, a trust, or an estate, the amount of school district taxes paid during the taxable year may be allocated to the shareholders, partners, members, or beneficiaries in the same proportion that income is distributed for taxable years beginning or deemed to begin before January 1, 2021, under the Internal Revenue Code of 1986, as amended. The department shall provide forms and schedules necessary for verifying eligibility for the credit provided in this section and for allocating the school district taxes paid. For taxable years beginning or deemed to begin on or after January 1, 2021, and before January 1, 2024, under the Internal Revenue Code of 1986, as amended, the refundable credit shall be claimed by the corporation having an election in effect under subchapter S of the Internal Revenue Code, the partnership, the limited liability company, the trust, or the estate that paid the school district taxes.

(4) For any fiscal year or short year taxpayer, the credit may be claimed in the first taxable year that begins following the calendar year for which the credit percentage was determined. The credit shall be taken for the school district taxes paid by the taxpayer during the immediately preceding calendar year.

(5) For the first taxable year beginning or deemed to begin on or after January 1, 2021, and before January 1, 2022, under the Internal Revenue Code of 1986, as amended, for a corporation having an election in effect under subchapter S of the Internal Revenue Code, a partnership, a limited liability company, a trust, or an estate that paid school district taxes in calendar year 2020 but did not claim the credit directly or allocate such school district taxes to the shareholders, partners, members, or beneficiaries as permitted under subsection (3) of this section, there shall be allowed an additional refundable credit. This credit shall be equal to six percent, multiplied by the amount of school district taxes paid during 2020 by the eligible taxpayer.

Sec. 29. Section 81-12,193, Revised Statutes Cumulative Supplement, 2022, is amended to read:

81-12,193 (1) The Nebraska Transformational Project Fund is hereby created. The fund shall receive money from application fees paid under the Nebraska Transformational Projects Act and from appropriations from the Legislature, grants, private contributions, repayments of matching funds, and all other sources. Any money in the fund available for investment shall be invested by the state investment officer pursuant to the Nebraska Capital Expansion Act and the Nebraska State Funds Investment Act.

(2) It is the intent of the Legislature that the State Treasurer shall transfer an amount not to exceed three hundred million dollars to the Nebraska Transformational Project Fund. Such transfers shall only occur after the applicant has been selected for participation in the program described in Title VII, Subtitle C, section 740 of Public Law 116-92 and commitments totaling one billion three hundred million dollars in total investment, including only federal dollars and private donations, have been secured. In no case shall any transfer occur before fiscal year 2025-26 or before the total amount of refundable credits granted annually under the Nebraska Property Tax Incentive Act reaches three hundred seventy-five million dollars. Distributions shall only be made from the fund in amounts equal to the amount of private dollars received by the applicant for the project.

(3) Any money remaining in the fund after all obligations have been met shall be transferred to the General Fund.

Sec. 30. If any section in this act or any part of any section is declared invalid or unconstitutional, the declaration shall not affect the validity or constitutionality of the remaining portions.

Sec. 31. Original sections 13-508, 13-518, 13-2817, 29-3933, 72-2305, 72-2306, and 77-27,142, Reissue Revised Statutes of Nebraska, sections 77-1776, 77-27,144, 77-4602, and 81-12,193, Revised Statutes Cumulative Supplement, 2022, and sections 77-1632, 77-1633, 77-1701, 77-6702, and 77-6703, Revised Statutes Supplement, 2023, are repealed.

Sec. 32. Since an emergency exists, this act takes effect when passed and approved according to law.