

LEGISLATURE OF NEBRASKA  
ONE HUNDRED SIXTH LEGISLATURE  
FIRST SESSION

**LEGISLATIVE BILL 497**

Introduced by Friesen, 34; Albrecht, 17; Bostelman, 23; Brandt, 32;  
Brewer, 43; Briese, 41; Dorn, 30; Erdman, 47; Gragert, 40;  
Halloran, 33; Hughes, 44; Murman, 38.

Read first time January 22, 2019

Committee: Revenue

1 A BILL FOR AN ACT relating to revenue and taxation; to amend sections  
2 77-201, 77-202, 77-382, 77-693, 77-801, 77-1238, 77-1248,  
3 77-1601.02, 77-2602, 77-2701.16, 77-2704.24, 77-2704.67, 77-27,132,  
4 77-3442, and 77-5023, Reissue Revised Statutes of Nebraska, and  
5 sections 53-160, 53-187, 79-1003, 79-1015.01, 79-1016, and 79-1022,  
6 Revised Statutes Cumulative Supplement, 2018; to adopt the School  
7 District Property Tax Authority Act; to increase alcohol taxes; to  
8 change the valuation of agricultural land and horticultural land for  
9 school district taxation purposes; to terminate the exemptions  
10 provided under the Personal Property Tax Relief Act and certain  
11 sales tax exemptions; to increase the cigarette tax; to impose sales  
12 and use taxes on certain services; to transfer certain revenue to  
13 the Cash Reserve Fund; to change the levy limit for school districts  
14 as prescribed; to change the Tax Equity and Educational  
15 Opportunities Support Act; to harmonize provisions; to provide an  
16 operative date; and to repeal the original sections.  
17 Be it enacted by the people of the State of Nebraska,

1           Section 1. Sections 1 to 4 of this act shall be known and may be  
2 cited as the School District Property Tax Authority Act.

3           Sec. 2. For purposes of the School District Property Tax Authority  
4 Act:

5           (1) Approved bonds means bonds that are issued by a school district  
6 after the question of issuing such bonds has been approved by the voters  
7 of such school district;

8           (2) Base growth percentage means whichever of the following  
9 percentages is the highest:

10           (a) Two and one-half percent;

11           (b) The percentage increase in the Consumer Price Index for All  
12 Urban Consumers, as prepared by the United States Department of Labor,  
13 Bureau of Labor Statistics, for the twelve-month period ending on June 30  
14 of the year in which the property tax authority is calculated; or

15           (c) The annual percentage increase in the student enrollment of the  
16 school district;

17           (3) Department means the State Department of Education;

18           (4) Other resources means revenue of a school district from all  
19 sources other than real and personal property taxes and state aid  
20 distributed pursuant to section 79-1022;

21           (5) School board has the same meaning as in section 79-101;

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

23           (7) Student enrollment means the total number of students in the  
24 school district according to the fall school district membership report  
25 described in subsection (4) of section 79-528.

26           Sec. 3.   (1) For fiscal year 2020-21 and each fiscal year  
27 thereafter, the total amount of property taxes levied by a school  
28 district for a fiscal year shall not exceed the school district's  
29 property tax authority as determined pursuant to the School District  
30 Property Tax Authority Act.

31           (2) The school board of each school district shall calculate the

1 school district's property tax authority each fiscal year as follows:

2 (a) For fiscal year 2020-21, the following steps shall be taken:

3 (i) Step one: The school district's state and local resources shall  
4 be calculated. Such amount shall be equal to the school district's  
5 property tax request under section 77-1601.02 for fiscal year 2019-20  
6 plus the state aid distributed to the school district in fiscal year  
7 2019-20 pursuant to section 79-1022, with the sum increased by the base  
8 growth percentage applicable to the school district;

9 (ii) Step two: The state aid to be distributed to the school  
10 district pursuant to section 79-1022 for fiscal year 2020-21 shall be  
11 subtracted from the school district's state and local resources  
12 calculated under step one; and

13 (iii) Step three: The amount determined under step two shall then be  
14 either:

15 (A) Decreased by the amount by which other resources for fiscal year  
16 2020-21 are expected to exceed other resources for fiscal year 2019-20;  
17 or

18 (B) Increased by the amount by which other resources for fiscal year  
19 2019-20 are expected to exceed other resources for fiscal year 2020-21;  
20 and

21 (b) For fiscal year 2021-22 and each fiscal year thereafter, the  
22 following steps shall be taken:

23 (i) Step one: The school district's state and local resources shall  
24 be calculated. Such amount shall be equal to the school district's state  
25 and local resources from the prior fiscal year increased by the base  
26 growth percentage applicable to the school district;

27 (ii) Step two: The state aid to be distributed to the school  
28 district pursuant to section 79-1022 for the current fiscal year shall be  
29 subtracted from the school district's state and local resources  
30 calculated under step one; and

31 (iii) Step three: The amount determined under step two shall then be

1 either:

2 (A) Decreased by the amount by which other resources for the current  
3 fiscal year are expected to exceed other resources for the prior fiscal  
4 year; or

5 (B) Increased by the amount by which other resources for the prior  
6 fiscal year are expected to exceed other resources for the current fiscal  
7 year.

8 Sec. 4. (1) The school board shall report the amount determined  
9 under section 3 of this act to the department upon forms prescribed by  
10 the department. The department shall review the amount reported to  
11 determine if such amount was calculated correctly. If the department  
12 determines that such amount was calculated correctly, it shall approve  
13 and certify the amount to the school board. If the department determines  
14 that such amount was not calculated correctly, it shall calculate the  
15 correct amount and certify that amount to the school board. The amount  
16 certified by the department shall be the school district's property tax  
17 authority, which shall be used for setting the school district's maximum  
18 levy rate pursuant to subdivision (2)(a) of section 77-3442. The school  
19 board may set its property tax request under section 77-1601.02 at an  
20 amount equal to or less than the school district's property tax  
21 authority.

22 (2) Section 3 of this act shall not apply to that portion of a  
23 school district's property tax request that is needed to pay the  
24 principal and interest on approved bonds.

25 Sec. 5. Section 53-160, Revised Statutes Cumulative Supplement,  
26 2018, is amended to read:

27 53-160 (1) For the purpose of raising revenue, a tax is imposed upon  
28 the privilege of engaging in business as a manufacturer or a wholesaler  
29 at a rate of one dollar and thirty-eight ~~thirty-one~~ cents per gallon on  
30 all beer; three dollars and fifty-one ~~ninety-five~~ cents per gallon for  
31 wine, except for wines produced and released from bond in farm wineries;

1 two dollars and sixty-two ~~six~~ cents per gallon for wine produced and  
2 released from bond in farm wineries; and twelve ~~three~~ dollars and twenty-  
3 eight ~~seventy-five~~ cents per gallon on alcohol and spirits manufactured  
4 and sold by such manufacturer or shipped for sale in this state by such  
5 wholesaler in the course of such business. The gallonage tax imposed by  
6 this subsection shall be imposed only on alcoholic liquor upon which a  
7 federal excise tax is imposed.

8 (2) Manufacturers or wholesalers of alcoholic liquor shall be exempt  
9 from the payment of the gallonage tax on such alcoholic liquor upon  
10 satisfactory proof, including bills of lading furnished to the commission  
11 by affidavit or otherwise as the commission may require, that such  
12 alcoholic liquor was manufactured in this state but shipped out of the  
13 state for sale and consumption outside this state.

14 (3) Dry wines or fortified wines manufactured or shipped into this  
15 state solely and exclusively for sacramental purposes and uses shall not  
16 be subject to the gallonage tax.

17 (4) The gallonage tax shall not be imposed upon any alcoholic  
18 liquor, whether manufactured in or shipped into this state, when sold to  
19 a licensed nonbeverage user for use in the manufacture of any of the  
20 following when such products are unfit for beverage purposes: Patent and  
21 proprietary medicines and medicinal, antiseptic, and toilet preparations;  
22 flavoring extracts, syrups, food products, and confections or candy;  
23 scientific, industrial, and chemical products, except denatured alcohol;  
24 or products for scientific, chemical, experimental, or mechanical  
25 purposes.

26 (5) The gallonage tax shall not be imposed upon the privilege of  
27 engaging in any business in interstate commerce or otherwise, which  
28 business may not, under the Constitution and statutes of the United  
29 States, be made the subject of taxation by this state.

30 (6) The gallonage tax shall be in addition to all other occupation  
31 or privilege taxes imposed by this state or by any municipal corporation

1 or political subdivision thereof.

2 (7) The commission shall collect the gallonage tax and shall account  
3 for and remit to the State Treasurer at least once each week all money  
4 collected pursuant to this section. If any alcoholic liquor manufactured  
5 in or shipped into this state is sold to a licensed manufacturer or  
6 wholesaler of this state to be used solely as an ingredient in the  
7 manufacture of any beverage for human consumption, the tax imposed upon  
8 such manufacturer or wholesaler shall be reduced by the amount of the  
9 taxes which have been paid as to such alcoholic liquor so used under the  
10 Nebraska Liquor Control Act. The net proceeds of all revenue arising  
11 under this section shall be credited to the General Fund.

12 Sec. 6. Section 53-187, Revised Statutes Cumulative Supplement,  
13 2018, is amended to read:

14 53-187 No nonbeverage user shall sell, give away, or otherwise  
15 dispose of any alcoholic liquor, purchased under his or her license as  
16 such nonbeverage user, in any form fit for beverage purposes. Any  
17 nonbeverage user who violates this section shall pay to the commission,  
18 for the use of the General Fund, the sum of twelve ~~three~~ dollars and  
19 twenty-eight ~~seventy-five~~ cents for each gallon of alcoholic liquor so  
20 diverted, and in addition thereto shall be subject to the penalties  
21 provided in section 53-1,100.

22 Sec. 7. Section 77-201, Reissue Revised Statutes of Nebraska, is  
23 amended to read:

24 77-201 (1) Except as provided in subsections (2) through (4) of this  
25 section, all real property in this state, not expressly exempt therefrom,  
26 shall be subject to taxation and shall be valued at its actual value.

27 (2) Agricultural land and horticultural land as defined in section  
28 77-1359 shall constitute a separate and distinct class of property for  
29 purposes of property taxation, shall be subject to taxation, unless  
30 expressly exempt from taxation, and shall be valued at seventy-five  
31 percent of its actual value, except that for school district taxation

1 purposes such land shall be valued at a percentage of its actual value as  
2 determined from the table in subsection (6) of this section.

3 (3) Agricultural land and horticultural land actively devoted to  
4 agricultural or horticultural purposes which has value for purposes other  
5 than agricultural or horticultural uses and which meets the  
6 qualifications for special valuation under section 77-1344 shall  
7 constitute a separate and distinct class of property for purposes of  
8 property taxation, shall be subject to taxation, and shall be valued for  
9 taxation at seventy-five percent of its special valuation value as  
10 defined in section 77-1343, except that for school district taxation  
11 purposes such land shall be valued at a percentage of its special  
12 valuation as determined from the table in subsection (6) of this section.

13 (4) Historically significant real property which meets the  
14 qualifications for historic rehabilitation valuation under sections  
15 77-1385 to 77-1394 shall be valued for taxation as provided in such  
16 sections.

17 (5) Tangible personal property, not including motor vehicles,  
18 trailers, and semitrailers registered for operation on the highways of  
19 this state, shall constitute a separate and distinct class of property  
20 for purposes of property taxation, shall be subject to taxation, unless  
21 expressly exempt from taxation, and shall be valued at its net book  
22 value. Tangible personal property transferred as a gift or devise or as  
23 part of a transaction which is not a purchase shall be subject to  
24 taxation based upon the date the property was acquired by the previous  
25 owner and at the previous owner's Nebraska adjusted basis. Tangible  
26 personal property acquired as replacement property for converted property  
27 shall be subject to taxation based upon the date the converted property  
28 was acquired and at the Nebraska adjusted basis of the converted property  
29 unless insurance proceeds are payable by reason of the conversion. For  
30 purposes of this subsection, (a) converted property means tangible  
31 personal property which is compulsorily or involuntarily converted as a

1 result of its destruction in whole or in part, theft, seizure,  
2 requisition, or condemnation, or the threat or imminence thereof, and no  
3 gain or loss is recognized for federal or state income tax purposes by  
4 the holder of the property as a result of the conversion and (b)  
5 replacement property means tangible personal property acquired within two  
6 years after the close of the calendar year in which tangible personal  
7 property was converted and which is, except for date of construction or  
8 manufacture, substantially the same as the converted property.

9 (6) The applicable percentage to be used for purposes of subsections  
10 (2) and (3) of this section shall be determined from the following table:

11	<u>Tax Year</u>	<u>Percentage</u>
12	<u>2020</u>	<u>55</u>
13	<u>2021</u>	<u>45</u>
14	<u>2022 and after</u>	<u>40</u>

15 Sec. 8. Section 77-202, Reissue Revised Statutes of Nebraska, is  
16 amended to read:

17 77-202 (1) The following property shall be exempt from property  
18 taxes:

19 (a) Property of the state and its governmental subdivisions to the  
20 extent used or being developed for use by the state or governmental  
21 subdivision for a public purpose. For purposes of this subdivision:

22 (i) Property of the state and its governmental subdivisions means  
23 (A) property held in fee title by the state or a governmental subdivision  
24 or (B) property beneficially owned by the state or a governmental  
25 subdivision in that it is used for a public purpose and is being acquired  
26 under a lease-purchase agreement, financing lease, or other instrument  
27 which provides for transfer of legal title to the property to the state  
28 or a governmental subdivision upon payment of all amounts due thereunder.  
29 If the property to be beneficially owned by a governmental subdivision  
30 has a total acquisition cost that exceeds the threshold amount or will be  
31 used as the site of a public building with a total estimated construction



1 cost that exceeds the threshold amount, then such property shall qualify  
2 for an exemption under this section only if the question of acquiring  
3 such property or constructing such public building has been submitted at  
4 a primary, general, or special election held within the governmental  
5 subdivision and has been approved by the voters of the governmental  
6 subdivision. For purposes of this subdivision, threshold amount means the  
7 greater of fifty thousand dollars or six-tenths of one percent of the  
8 total actual value of real and personal property of the governmental  
9 subdivision that will beneficially own the property as of the end of the  
10 governmental subdivision's prior fiscal year; and

11 (ii) Public purpose means use of the property (A) to provide public  
12 services with or without cost to the recipient, including the general  
13 operation of government, public education, public safety, transportation,  
14 public works, civil and criminal justice, public health and welfare,  
15 developments by a public housing authority, parks, culture, recreation,  
16 community development, and cemetery purposes, or (B) to carry out the  
17 duties and responsibilities conferred by law with or without  
18 consideration. Public purpose does not include leasing of property to a  
19 private party unless the lease of the property is at fair market value  
20 for a public purpose. Leases of property by a public housing authority to  
21 low-income individuals as a place of residence are for the authority's  
22 public purpose;

23 (b) Unleased property of the state or its governmental subdivisions  
24 which is not being used or developed for use for a public purpose but  
25 upon which a payment in lieu of taxes is paid for public safety, rescue,  
26 and emergency services and road or street construction or maintenance  
27 services to all governmental units providing such services to the  
28 property. Except as provided in Article VIII, section 11, of the  
29 Constitution of Nebraska, the payment in lieu of taxes shall be based on  
30 the proportionate share of the cost of providing public safety, rescue,  
31 or emergency services and road or street construction or maintenance

1 services unless a general policy is adopted by the governing body of the  
2 governmental subdivision providing such services which provides for a  
3 different method of determining the amount of the payment in lieu of  
4 taxes. The governing body may adopt a general policy by ordinance or  
5 resolution for determining the amount of payment in lieu of taxes by  
6 majority vote after a hearing on the ordinance or resolution. Such  
7 ordinance or resolution shall nevertheless result in an equitable  
8 contribution for the cost of providing such services to the exempt  
9 property;

10 (c) Property owned by and used exclusively for agricultural and  
11 horticultural societies;

12 (d) Property owned by educational, religious, charitable, or  
13 cemetery organizations, or any organization for the exclusive benefit of  
14 any such educational, religious, charitable, or cemetery organization,  
15 and used exclusively for educational, religious, charitable, or cemetery  
16 purposes, when such property is not (i) owned or used for financial gain  
17 or profit to either the owner or user, (ii) used for the sale of  
18 alcoholic liquors for more than twenty hours per week, or (iii) owned or  
19 used by an organization which discriminates in membership or employment  
20 based on race, color, or national origin. For purposes of this  
21 subdivision, educational organization means (A) an institution operated  
22 exclusively for the purpose of offering regular courses with systematic  
23 instruction in academic, vocational, or technical subjects or assisting  
24 students through services relating to the origination, processing, or  
25 guarantying of federally reinsured student loans for higher education or  
26 (B) a museum or historical society operated exclusively for the benefit  
27 and education of the public. For purposes of this subdivision, charitable  
28 organization includes an organization operated exclusively for the  
29 purpose of the mental, social, or physical benefit of the public or an  
30 indefinite number of persons and a fraternal benefit society organized  
31 and licensed under sections 44-1072 to 44-10,109; and

1 (e) Household goods and personal effects not owned or used for  
2 financial gain or profit to either the owner or user.

3 (2) The increased value of land by reason of shade and ornamental  
4 trees planted along the highway shall not be taken into account in the  
5 valuation of land.

6 (3) Tangible personal property which is not depreciable tangible  
7 personal property as defined in section 77-119 shall be exempt from  
8 property tax.

9 (4) Motor vehicles, trailers, and semitrailers required to be  
10 registered for operation on the highways of this state shall be exempt  
11 from payment of property taxes.

12 (5) Business and agricultural inventory shall be exempt from the  
13 personal property tax. For purposes of this subsection, business  
14 inventory includes personal property owned for purposes of leasing or  
15 renting such property to others for financial gain only if the personal  
16 property is of a type which in the ordinary course of business is leased  
17 or rented thirty days or less and may be returned at the option of the  
18 lessee or renter at any time and the personal property is of a type which  
19 would be considered household goods or personal effects if owned by an  
20 individual. All other personal property owned for purposes of leasing or  
21 renting such property to others for financial gain shall not be  
22 considered business inventory.

23 (6) Any personal property exempt pursuant to subsection (2) of  
24 section 77-4105 or section 77-5209.02 shall be exempt from the personal  
25 property tax.

26 (7) Livestock shall be exempt from the personal property tax.

27 (8) Any personal property exempt pursuant to the Nebraska Advantage  
28 Act shall be exempt from the personal property tax.

29 (9) Any depreciable tangible personal property used directly in the  
30 generation of electricity using wind as the fuel source shall be exempt  
31 from the property tax levied on depreciable tangible personal property.

1 Any depreciable tangible personal property used directly in the  
2 generation of electricity using solar, biomass, or landfill gas as the  
3 fuel source shall be exempt from the property tax levied on depreciable  
4 tangible personal property if such depreciable tangible personal property  
5 was installed on or after January 1, 2016, and has a nameplate capacity  
6 of one hundred kilowatts or more. Depreciable tangible personal property  
7 used directly in the generation of electricity using wind, solar,  
8 biomass, or landfill gas as the fuel source includes, but is not limited  
9 to, wind turbines, rotors and blades, towers, solar panels, trackers,  
10 generating equipment, transmission components, substations, supporting  
11 structures or racks, inverters, and other system components such as  
12 wiring, control systems, switchgears, and generator step-up transformers.

13 (10) Any tangible personal property that is acquired by a person  
14 operating a data center located in this state, that is assembled,  
15 engineered, processed, fabricated, manufactured into, attached to, or  
16 incorporated into other tangible personal property, both in component  
17 form or that of an assembled product, for the purpose of subsequent use  
18 at a physical location outside this state by the person operating a data  
19 center shall be exempt from the personal property tax. Such exemption  
20 extends to keeping, retaining, or exercising any right or power over  
21 tangible personal property in this state for the purpose of subsequently  
22 transporting it outside this state for use thereafter outside this state.  
23 For purposes of this subsection, data center means computers, supporting  
24 equipment, and other organized assembly of hardware or software that are  
25 designed to centralize the storage, management, or dissemination of data  
26 and information, environmentally controlled structures or facilities or  
27 interrelated structures or facilities that provide the infrastructure for  
28 housing the equipment, such as raised flooring, electricity supply,  
29 communication and data lines, Internet access, cooling, security, and  
30 fire suppression, and any building housing the foregoing.

31 (11) For each person who owns property required to be reported to

1 the county assessor under section 77-1201, there shall be allowed, for  
2 tax years prior to tax year 2020, an exemption amount as provided in the  
3 Personal Property Tax Relief Act. For each person who owns property  
4 required to be valued by the state as provided in section 77-601, 77-682,  
5 77-801, or 77-1248, there shall be allowed, for tax years prior to tax  
6 year 2020, a compensating exemption factor as provided in the Personal  
7 Property Tax Relief Act.

8 Sec. 9. Section 77-382, Reissue Revised Statutes of Nebraska, is  
9 amended to read:

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

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

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

1 (b) Business across state lines, which shall include a separate  
2 listing for the following items: Property shipped out-of-state;  
3 fabrication labor for items to be shipped out-of-state; property to be  
4 transported out-of-state; property purchased in other states to be used  
5 in Nebraska; aircraft delivery to an out-of-state resident or business;  
6 state reciprocal agreements for industrial machinery; and property taxed  
7 in another state;

8 (c) Common carrier and logistics, which shall include a separate  
9 listing for the following items: Railroad rolling stock and repair parts  
10 and services; common or contract carriers and repair parts and services;  
11 common or contract carrier accessories; and common or contract carrier  
12 safety equipment;

13 (d) Consumer goods, which shall include a separate listing for the  
14 following items: Motor vehicles and motorboat trade-ins; merchandise  
15 trade-ins; certain medical equipment and medicine; newspapers;  
16 laundromats; telefloral deliveries; motor vehicle discounts for the  
17 disabled; and political campaign fundraisers;

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

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

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

31 (h) Lodging and shelter, which shall include a separate listing for

1 the following item: Room rentals by certain institutions;

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

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

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

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

31 (m) Telecommunications, which shall include a separate listing for

1 the following items: Telecommunications access charges; prepaid calling  
2 arrangements; conference bridging services; and nonvoice data services.

3 (3) It is the intent of the Legislature that nothing in the Tax  
4 Expenditure Reporting Act shall cause the valuation or assessment of any  
5 property exempt from taxation on the basis of its use exclusively for  
6 religious, educational, or charitable purposes.

7 Sec. 10. Section 77-693, Reissue Revised Statutes of Nebraska, is  
8 amended to read:

9 77-693 (1) The Property Tax Administrator in determining the taxable  
10 value of railroads and car lines shall determine the following ratios  
11 involving railroad and car line property and commercial and industrial  
12 property:

13 (a) The ratio of the taxable value of all commercial and industrial  
14 personal property in the state actually subjected to property tax divided  
15 by the market value of all commercial and industrial personal property in  
16 the state;

17 (b) The ratio of the taxable value of all commercial and industrial  
18 real property in the state actually subjected to property tax divided by  
19 the market value of all commercial and industrial real property in the  
20 state;

21 (c) The ratio of the taxable value of railroad personal property to  
22 the market value of railroad personal property. The numerator of the  
23 ratio shall be the taxable value of railroad personal property. The  
24 denominator of the ratio shall be the railroad system value allocated to  
25 Nebraska and multiplied by a factor representing the net book value of  
26 rail transportation personal property divided by the net book value of  
27 total rail transportation property;

28 (d) The ratio of the taxable value of railroad real property to the  
29 market value of railroad real property. The numerator of the ratio shall  
30 be the taxable value of railroad real property. The denominator of the  
31 ratio shall be the railroad system value allocated to Nebraska and



1 multiplied by a factor representing the net book value of rail  
2 transportation real property divided by the net book value of total rail  
3 transportation property; and

4 (e) Similar calculations shall be made for car line taxable  
5 properties.

6 (2) If the ratio of the taxable value of railroad and car line  
7 personal or real property exceeds the ratio of the comparable taxable  
8 commercial and industrial property by more than five percent, the  
9 Property Tax Administrator may adjust the value of such railroad and car  
10 line property to the percentage of the comparable taxable commercial and  
11 industrial property pursuant to federal statute or Nebraska federal court  
12 decisions applicable thereto.

13 (3) For purposes of this section, commercial and industrial property  
14 shall mean all real and personal property which is devoted to commercial  
15 or industrial use other than rail transportation property and land used  
16 primarily for agricultural purposes.

17 (4) After the adjustment made pursuant to subsections (1) and (2) of  
18 this section, the Property Tax Administrator shall, for tax years prior  
19 to tax year 2020, multiply the value of the tangible personal property of  
20 each railroad and car line by the compensating exemption factor  
21 calculated in section 77-1238.

22 Sec. 11. Section 77-801, Reissue Revised Statutes of Nebraska, is  
23 amended to read:

24 77-801 (1) All public service entities shall, on or before April 15  
25 of each year, furnish a statement specifying such information as may be  
26 required by the Property Tax Administrator on forms prescribed by the Tax  
27 Commissioner to determine and distribute the entity's total taxable value  
28 including the franchise value. All information reported by the public  
29 service entities, not available from any other public source, and any  
30 memorandum thereof shall be confidential and available to taxing  
31 officials only. For good cause shown, the Property Tax Administrator may

1 allow an extension of time in which to file such statement. Such  
2 extension shall not exceed fifteen days after April 15.

3 (2) The returns of public service entities shall not be held to be  
4 conclusive as to the taxable value of the property, but the Property Tax  
5 Administrator shall, from all the information which he or she is able to  
6 obtain, find the taxable value of all such property, including tangible  
7 property and franchises, and shall assess such property on the same basis  
8 as other property is required to be assessed.

9 (3) The county assessor shall assess all nonoperating property of  
10 any public service entity. A public service entity operating within the  
11 State of Nebraska shall, on or before January 1 of each year, report to  
12 the county assessor of each county in which it has situs all nonoperating  
13 property belonging to such entity which is not subject to assessment and  
14 assessed by the Property Tax Administrator under section 77-802.

15 (4) The Property Tax Administrator shall, for tax years prior to tax  
16 year 2020, multiply the value of the tangible personal property of each  
17 public service entity by the compensating exemption factor calculated in  
18 section 77-1238.

19 Sec. 12. Section 77-1238, Reissue Revised Statutes of Nebraska, is  
20 amended to read:

21 77-1238 (1) For tax years prior to tax year 2020, every ~~Every~~ person  
22 who is required to list his or her taxable tangible personal property as  
23 defined in section 77-105, as required under section 77-1229, shall  
24 receive an exemption from taxation for the first ten thousand dollars of  
25 valuation of his or her tangible personal property in each tax district  
26 as defined in section 77-127 in which a personal property return is  
27 required to be filed. Failure to report tangible personal property on the  
28 personal property return required by section 77-1229 shall result in a  
29 forfeiture of the exemption for any tangible personal property not timely  
30 reported for that year.

31 (2) For tax years prior to tax year 2020, the ~~The~~ Property Tax

1 Administrator shall reduce the value of the tangible personal property  
2 owned by each railroad, car line company, public service entity, and air  
3 carrier by a compensating exemption factor to reflect the exemption  
4 allowed in subsection (1) of this section for all other personal property  
5 taxpayers. The compensating exemption factor is calculated by multiplying  
6 the value of the tangible personal property of the railroad, car line  
7 company, public service entity, or air carrier by a fraction, the  
8 numerator of which is the total amount of locally assessed tangible  
9 personal property that is actually subjected to property tax after the  
10 exemption allowed in subsection (1) of this section, and the denominator  
11 of which is the net book value of locally assessed tangible personal  
12 property prior to the exemptions allowed in subsection (1) of this  
13 section.

14 Sec. 13. Section 77-1248, Reissue Revised Statutes of Nebraska, is  
15 amended to read:

16 77-1248 (1) The Property Tax Administrator shall ascertain from the  
17 reports made and from any other information obtained by him or her the  
18 taxable value of the flight equipment of air carriers and the proportion  
19 allocated to this state for the purposes of taxation as provided in  
20 section 77-1245.

21 (2)(a) In determining the taxable value of the flight equipment of  
22 air carriers pursuant to subsection (1) of this section, the Property Tax  
23 Administrator shall determine the following ratios:

24 (i) The ratio of the taxable value of all commercial and industrial  
25 depreciable tangible personal property in the state actually subjected to  
26 property tax to the market value of all commercial and industrial  
27 depreciable tangible personal property in the state; and

28 (ii) The ratio of the taxable value of flight equipment of air  
29 carriers to the market value of flight equipment of air carriers.

30 (b) If the ratio of the taxable value of flight equipment of air  
31 carriers exceeds the ratio of the taxable value of commercial and

1 industrial depreciable tangible personal property by more than five  
2 percent, the Property Tax Administrator may adjust the value of such  
3 flight equipment of air carriers to the percentage of the taxable  
4 commercial and industrial depreciable tangible personal property pursuant  
5 to federal law applicable to air carrier transportation property or  
6 Nebraska federal court decisions applicable thereto.

7 (c) For purposes of this subsection, commercial and industrial  
8 depreciable tangible personal property means all personal property which  
9 is devoted to commercial or industrial use other than flight equipment of  
10 air carriers.

11 (3) The Property Tax Administrator shall, for tax years prior to tax  
12 year 2020, multiply the valuation of each air carrier by the compensating  
13 exemption factor calculated in section 77-1238.

14 Sec. 14. Section 77-1601.02, Reissue Revised Statutes of Nebraska,  
15 is amended to read:

16 77-1601.02 (1) The property tax request for the prior year shall be  
17 the property tax request for the current year for purposes of the levy  
18 set by the county board of equalization in section 77-1601 unless the  
19 governing body of the county, municipality, school district, learning  
20 community, sanitary and improvement district, natural resources district,  
21 educational service unit, or community college passes by a majority vote  
22 a resolution or ordinance setting the tax request at a different amount.  
23 Such resolution or ordinance shall only be passed after a special public  
24 hearing called for such purpose is held and after notice is published in  
25 a newspaper of general circulation in the area of the political  
26 subdivision at least five days prior to the hearing. The hearing notice  
27 shall contain the following information: The dollar amount of the prior  
28 year's tax request and the property tax rate that was necessary to fund  
29 that tax request; the property tax rate that would be necessary to fund  
30 last year's tax request if applied to the current year's valuation; and  
31 the proposed dollar amount of the tax request for the current year and

1 the property tax rate that will be necessary to fund that tax request.  
2 Any resolution setting a tax request under this section shall be  
3 certified and forwarded to the county clerk on or before October 13 of  
4 the year for which the tax request is to apply.

5 (2) For fiscal year 2020-21 and each fiscal year thereafter,  
6 property tax requests certified by school districts pursuant to this  
7 section shall comply with the School District Property Tax Authority Act.

8 (3) (2) Any levy which is not in compliance with this section and  
9 section 77-1601 shall be construed as an unauthorized levy under section  
10 77-1606.

11 Sec. 15. Section 77-2602, Reissue Revised Statutes of Nebraska, is  
12 amended to read:

13 77-2602 (1) Every stamping agent engaged in distributing or selling  
14 cigarettes at wholesale in this state shall pay to the Tax Commissioner  
15 of this state a special privilege tax. This shall be in addition to all  
16 other taxes. It shall be paid prior to or at the time of the sale, gift,  
17 or delivery to the retail dealer in the several amounts as follows: On  
18 each package of cigarettes containing not more than twenty cigarettes,  
19 two dollars and fourteen ~~sixty-four~~ cents per package; and on packages  
20 containing more than twenty cigarettes, the same tax as provided on  
21 packages containing not more than twenty cigarettes for the first twenty  
22 cigarettes in each package and a tax of one-twentieth of the tax on the  
23 first twenty cigarettes on each cigarette in excess of twenty cigarettes  
24 in each package.

25 (2) ~~The Beginning October 1, 2004,~~ the State Treasurer shall place  
26 the equivalent of one dollar and ninety-nine ~~forty-nine~~ cents of such tax  
27 in the General Fund. The State Treasurer shall reduce the amount placed  
28 in the General Fund under this subsection by the amount prescribed in  
29 subdivision (3)(d) of this section. For purposes of this section, the  
30 equivalent of a specified number of cents of the tax shall mean that  
31 portion of the proceeds of the tax equal to the specified number divided

1 by the tax rate per package of cigarettes containing not more than twenty  
2 cigarettes.

3 (3) The State Treasurer shall distribute the remaining proceeds of  
4 such tax in the following order:

5 (a) First, beginning July 1, 1980, the State Treasurer shall place  
6 the equivalent of one cent of such tax in the Nebraska Outdoor Recreation  
7 Development Cash Fund. For fiscal year distributions occurring after  
8 FY1998-99, the distribution under this subdivision shall not be less than  
9 the amount distributed under this subdivision for FY1997-98. Any money  
10 needed to increase the amount distributed under this subdivision to the  
11 FY1997-98 amount shall reduce the distribution to the General Fund;

12 (b) Second, beginning July 1, 1993, the State Treasurer shall place  
13 the equivalent of three cents of such tax in the Health and Human  
14 Services Cash Fund to carry out sections 81-637 to 81-640. For fiscal  
15 year distributions occurring after FY1998-99, the distribution under this  
16 subdivision shall not be less than the amount distributed under this  
17 subdivision for FY1997-98. Any money needed to increase the amount  
18 distributed under this subdivision to the FY1997-98 amount shall reduce  
19 the distribution to the General Fund;

20 (c) Third, beginning October 1, 2002, and continuing until all the  
21 purposes of the Deferred Building Renewal Act have been fulfilled, the  
22 State Treasurer shall place the equivalent of seven cents of such tax in  
23 the Building Renewal Allocation Fund. The distribution under this  
24 subdivision shall not be less than the amount distributed under this  
25 subdivision for FY1997-98. Any money needed to increase the amount  
26 distributed under this subdivision to the FY1997-98 amount shall reduce  
27 the distribution to the General Fund;

28 (d) Fourth, until July 1, 2009, the State Treasurer shall place in  
29 the Municipal Infrastructure Redevelopment Fund the sum of five hundred  
30 twenty thousand dollars each fiscal year to carry out the Municipal  
31 Infrastructure Redevelopment Fund Act. The Legislature shall appropriate

1 the sum of five hundred twenty thousand dollars each year for fiscal year  
2 2003-04 through fiscal year 2008-09;

3 (e) Fifth, beginning July 1, 2001, and continuing until June 30,  
4 2008, the State Treasurer shall place the equivalent of two cents of such  
5 tax in the Information Technology Infrastructure Fund. The distribution  
6 under this subdivision shall not be less than two million fifty thousand  
7 dollars. Any money needed to increase the amount distributed under this  
8 subdivision to two million fifty thousand dollars shall reduce the  
9 distribution to the General Fund;

10 (f) Sixth, beginning July 1, 2001, and continuing until June 30,  
11 2016, the State Treasurer shall place one million dollars each fiscal  
12 year in the City of the Primary Class Development Fund. If necessary, the  
13 State Treasurer shall reduce the distribution of tax proceeds to the  
14 General Fund pursuant to subsection (2) of this section by such amount  
15 required to fulfill the one million dollars to be distributed pursuant to  
16 this subdivision;

17 (g) Seventh, beginning July 1, 2001, and continuing until June 30,  
18 2016, the State Treasurer shall place one million five hundred thousand  
19 dollars each fiscal year in the City of the Metropolitan Class  
20 Development Fund. If necessary, the State Treasurer shall reduce the  
21 distribution of tax proceeds to the General Fund pursuant to subsection  
22 (2) of this section by such amount required to fulfill the one million  
23 five hundred thousand dollars to be distributed pursuant to this  
24 subdivision;

25 (h) Eighth, beginning July 1, 2008, and continuing until June 30,  
26 2009, the State Treasurer shall place the equivalent of two million fifty  
27 thousand dollars of such tax in the Nebraska Public Safety Communication  
28 System Cash Fund. Beginning July 1, 2009, and continuing until June 30,  
29 2016, the State Treasurer shall place the equivalent of two million five  
30 hundred seventy thousand dollars of such tax in the Nebraska Public  
31 Safety Communication System Cash Fund. Beginning July 1, 2016, and every

1 fiscal year thereafter, the State Treasurer shall place the equivalent of  
2 three million eight hundred twenty thousand dollars of such tax in the  
3 Nebraska Public Safety Communication System Cash Fund. If necessary, the  
4 State Treasurer shall reduce the distribution of tax proceeds to the  
5 General Fund pursuant to subsection (2) of this section by such amount  
6 required to fulfill the distribution pursuant to this subdivision; and

7 (i) Ninth, beginning July 1, 2016, and every fiscal year thereafter,  
8 the State Treasurer shall place the equivalent of one million two hundred  
9 fifty thousand dollars of such tax in the Nebraska Health Care Cash Fund.  
10 If necessary, the State Treasurer shall reduce the distribution of tax  
11 proceeds to the General Fund pursuant to subsection (2) of this section  
12 by such amount required to fulfill the distribution pursuant to this  
13 subdivision.

14 (4) If, after distributing the proceeds of such tax pursuant to  
15 subsections (2) and (3) of this section, any proceeds of such tax remain,  
16 the State Treasurer shall place such remainder in the Nebraska Capital  
17 Construction Fund.

18 (5) The Legislature hereby finds and determines that the projects  
19 funded from the Municipal Infrastructure Redevelopment Fund and the  
20 Building Renewal Allocation Fund are of critical importance to the State  
21 of Nebraska. It is the intent of the Legislature that the allocations and  
22 appropriations made by the Legislature to such funds or, in the case of  
23 allocations for the Municipal Infrastructure Redevelopment Fund, to the  
24 particular municipality's account not be reduced until all contracts and  
25 securities relating to the construction and financing of the projects or  
26 portions of the projects funded from such funds or accounts of such funds  
27 are completed or paid or, in the case of the Municipal Infrastructure  
28 Redevelopment Fund, the earlier of such date or July 1, 2009, and that  
29 until such time any reductions in the cigarette tax rate made by the  
30 Legislature shall be simultaneously accompanied by equivalent reductions  
31 in the amount dedicated to the General Fund from cigarette tax revenue.



1 Any provision made by the Legislature for distribution of the proceeds of  
2 the cigarette tax for projects or programs other than those to (a) the  
3 General Fund, (b) the Nebraska Outdoor Recreation Development Cash Fund,  
4 (c) the Health and Human Services Cash Fund, (d) the Municipal  
5 Infrastructure Redevelopment Fund, (e) the Building Renewal Allocation  
6 Fund, (f) the Information Technology Infrastructure Fund, (g) the City of  
7 the Primary Class Development Fund, (h) the City of the Metropolitan  
8 Class Development Fund, (i) the Nebraska Public Safety Communication  
9 System Cash Fund, and (j) the Nebraska Health Care Cash Fund shall not be  
10 made a higher priority than or an equal priority to any of the programs  
11 or projects specified in subdivisions (a) through (j) of this subsection.

12 Sec. 16. Section 77-2701.16, Reissue Revised Statutes of Nebraska,  
13 is amended to read:

14 77-2701.16 (1) Gross receipts means the total amount of the sale or  
15 lease or rental price, as the case may be, of the retail sales of  
16 retailers.

17 (2) Gross receipts of every person engaged as a public utility  
18 specified in this subsection, as a community antenna television service  
19 operator, or as a satellite service operator or any person involved in  
20 connecting and installing services defined in subdivision (2)(a), (b), or  
21 (d) of this section means:

22 (a)(i) In the furnishing of telephone communication service, other  
23 than mobile telecommunications service as described in section  
24 77-2703.04, the gross income received from furnishing ancillary services,  
25 except for conference bridging services, and intrastate  
26 telecommunications services, except for value-added, nonvoice data  
27 service.

28 (ii) In the furnishing of mobile telecommunications service as  
29 described in section 77-2703.04, the gross income received from  
30 furnishing mobile telecommunications service that originates and  
31 terminates in the same state to a customer with a place of primary use in

1 Nebraska;

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

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

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

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

17 (e) The gross income received from the provision, installation,  
18 construction, servicing, or removal of property used in conjunction with  
19 the furnishing, installing, or connecting of any public utility services  
20 specified in subdivision (2)(a) or (b) of this section or community  
21 antenna television service or satellite service specified in subdivision  
22 (2)(d) of this section, except when acting as a subcontractor for a  
23 public utility, this subdivision does not apply to the gross income  
24 received by a contractor electing to be treated as a consumer of building  
25 materials under subdivision (2) or (3) of section 77-2701.10 for any such  
26 services performed on the customer's side of the utility demarcation  
27 point.

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

30 (a) In the furnishing of computer software, the gross income  
31 received, including the charges for coding, punching, or otherwise

1 producing any computer software and the charges for the tapes, disks,  
2 punched cards, or other properties furnished by the seller; and

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

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

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

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

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

13 (d) The gross income received for installing and applying tangible  
14 personal property if the sale of the property is subject to tax. If any  
15 or all of the charge for installation is free to the customer and is paid  
16 by a third-party service provider to the installer, any tax due on that  
17 part of the activation commission, finder's fee, installation charge, or  
18 similar payment made by the third-party service provider shall be paid  
19 and remitted by the third-party service provider;

20 (e) The gross income received for services of recreational vehicle  
21 parks;

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

26 (g) The gross income received for animal specialty services except  
27 (i) veterinary services, (ii) specialty services performed on livestock  
28 as defined in section 54-183, and (iii) animal grooming performed by a  
29 licensed veterinarian or a licensed veterinary technician in conjunction  
30 with medical treatment; ~~and~~

31 (h) The gross income received for detective services; ~~+~~

1        (i) The gross income received for real property maintenance  
2 services;

3        (j) The gross income received for dry cleaning services;

4        (k) The gross income received for pet-related services;

5        (l) The gross income received for nonbusiness legal services;

6        (m) The gross income received for storage services;

7        (n) The gross income received for personal care services, including  
8 hair care, massages, nail services, spa services, and tattoo services;

9        (o) The gross income received for travel agency services; and

10       (p) The gross income received for dating and escort services.

11       (5) Gross receipts includes the sale of admissions. When an  
12 admission to an activity or a membership constituting an admission is  
13 combined with the solicitation of a contribution, the portion or the  
14 amount charged representing the fair market price of the admission shall  
15 be considered a retail sale subject to the tax imposed by section  
16 77-2703. The organization conducting the activity shall determine the  
17 amount properly attributable to the purchase of the privilege, benefit,  
18 or other consideration in advance, and such amount shall be clearly  
19 indicated on any ticket, receipt, or other evidence issued in connection  
20 with the payment.

21       (6) Gross receipts includes the sale of live plants incorporated  
22 into real estate except when such incorporation is incidental to the  
23 transfer of an improvement upon real estate or the real estate.

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

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

29       (9) Gross receipts includes the retail sale of digital audio works,  
30 digital audiovisual works, digital codes, and digital books delivered  
31 electronically if the products are taxable when delivered on tangible

1 storage media. A sale includes the transfer of a permanent right of use,  
2 the transfer of a right of use that terminates on some condition, and the  
3 transfer of a right of use conditioned upon the receipt of continued  
4 payments.

5 (10) Gross receipts does not include:

6 (a) The amount of any rebate granted by a motor vehicle or motorboat  
7 manufacturer or dealer at the time of sale of the motor vehicle or  
8 motorboat, which rebate functions as a discount from the sales price of  
9 the motor vehicle or motorboat; or

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

12 Sec. 17. Section 77-2704.24, Reissue Revised Statutes of Nebraska,  
13 is amended to read:

14 77-2704.24 (1) Sales and use taxes shall not be imposed on the gross  
15 receipts from the sale, lease, or rental of and the storage, use, or  
16 other consumption in this state of food or food ingredients except for  
17 prepared food and food sold through vending machines.

18 (2) For purposes of this section:

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

22 (b) Dietary supplement means any product, other than tobacco,  
23 intended to supplement the diet that contains one or more of the  
24 following dietary ingredients: (i) A vitamin, (ii) a mineral, (iii) an  
25 herb or other botanical, (iv) an amino acid, (v) a dietary substance for  
26 use by humans to supplement the diet by increasing the total dietary  
27 intake, or (vi) a concentrate, metabolite, constituent, extract, or  
28 combination of any ingredients described in subdivisions (2)(b)(i)  
29 through (v) of this section; that is intended for ingestion in tablet,  
30 capsule, powder, softgel, gelcap, or liquid form or, if not intended for  
31 ingestion in such a form, is not presented as conventional food and is

1 not represented for use as a sole item of a meal or of the diet; and that  
2 is required to be labeled as a dietary supplement, identifiable by the  
3 supplemental facts box found on the label and as required pursuant to 21  
4 C.F.R. 101.36, as such regulation existed on January 1, 2003;

5 (c) Food and food ingredients means substances, whether in liquid,  
6 concentrated, solid, frozen, dried, or dehydrated form, that are sold for  
7 ingestion or chewing by humans and are consumed for their taste or  
8 nutritional value. Food and food ingredients does not include alcoholic  
9 beverages, dietary supplements, or tobacco;

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

12 (e) Prepared food means:

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

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

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

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

24 (C) Food sold by a seller whose proper primary North American  
25 Industry Classification System classification is manufacturing in sector  
26 311, except subsector 3118, bakeries;

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

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

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

3 (f) Tobacco means cigarettes, cigars, chewing or pipe tobacco, or  
4 any other item that contains tobacco.

5 (3) This section terminates on January 1, 2020.

6 Sec. 18. Section 77-2704.67, Reissue Revised Statutes of Nebraska,  
7 is amended to read:

8 77-2704.67 (1) Sales and use taxes shall not be imposed on the  
9 gross receipts from the sale, lease, or rental of and the storage, use,  
10 or other consumption in this state of any sale of a membership in or an  
11 admission to or any purchase by a nationally accredited zoo or aquarium  
12 operated by a public agency or nonprofit corporation primarily for  
13 educational, scientific, or tourism purposes.

14 (2) This section terminates on January 1, 2020.

15 Sec. 19. Section 77-27,132, Reissue Revised Statutes of Nebraska, is  
16 amended to read:

17 77-27,132 (1) There is hereby created a fund to be designated the  
18 Revenue Distribution Fund which shall be set apart and maintained by the  
19 Tax Commissioner. Revenue not required to be credited to the General Fund  
20 or any other specified fund may be credited to the Revenue Distribution  
21 Fund. Credits and refunds of such revenue shall be paid from the Revenue  
22 Distribution Fund. The balance of the amount credited, after credits and  
23 refunds, shall be allocated as provided by the statutes creating such  
24 revenue.

25 (2) The Tax Commissioner shall pay to a depository bank designated  
26 by the State Treasurer all amounts collected under the Nebraska Revenue  
27 Act of 1967. The Tax Commissioner shall present to the State Treasurer  
28 bank receipts showing amounts so deposited in the bank, and of the  
29 amounts so deposited the State Treasurer shall:

30 (a) For transactions occurring on or after October 1, 2014, and  
31 before October 1, 2022, credit to the Game and Parks Commission Capital

1 Maintenance Fund all of the proceeds of the sales and use taxes imposed  
2 pursuant to section 77-2703 on the sale or lease of motorboats as defined  
3 in section 37-1204, personal watercraft as defined in section 37-1204.01,  
4 all-terrain vehicles as defined in section 60-103, and utility-type  
5 vehicles as defined in section 60-135.01;

6 (b) Credit to the Highway Trust Fund all of the proceeds of the  
7 sales and use taxes derived from the sale or lease for periods of more  
8 than thirty-one days of motor vehicles, trailers, and semitrailers,  
9 except that the proceeds equal to any sales tax rate provided for in  
10 section 77-2701.02 that is in excess of five percent derived from the  
11 sale or lease for periods of more than thirty-one days of motor vehicles,  
12 trailers, and semitrailers shall be credited to the Highway Allocation  
13 Fund;

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

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

25 (e) Credit to the Cash Reserve Fund, on or before June 30, 2020, one  
26 hundred fifty million dollars.

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

29 Sec. 20. Section 77-3442, Reissue Revised Statutes of Nebraska, is  
30 amended to read:

31 77-3442 (1) Property tax levies for the support of local governments



1 for fiscal years beginning on or after July 1, 1998, shall be limited to  
2 the amounts set forth in this section except as provided in section  
3 77-3444.

4 (2)(a) Except as provided in subdivisions (2)(b) and (2)(e) of this  
5 section; ~~and~~

6 (i) For fiscal years prior to fiscal year 2020-21, school districts  
7 and multiple-district school systems may levy a maximum levy of one  
8 dollar and five cents per one hundred dollars of taxable valuation of  
9 property subject to the levy; and ~~and~~

10 (ii) For fiscal year 2020-21 and each fiscal year thereafter, school  
11 districts and multiple-district school systems may levy a maximum levy  
12 equal to the levy rate obtained by dividing the property tax authority  
13 for the district or system, as calculated pursuant to the School District  
14 Property Tax Authority Act, by the total assessed valuation of such  
15 district or system, and then multiplying such quotient by one hundred.  
16 This subdivision shall not affect any excess levy authority that has been  
17 approved by voters pursuant to section 77-3444 prior to fiscal year  
18 2020-21. Such excess levy authority shall terminate pursuant to its  
19 terms.

20 (b) For each fiscal year prior to fiscal year 2017-18, learning  
21 communities may levy a maximum levy for the general fund budgets of  
22 member school districts of ninety-five cents per one hundred dollars of  
23 taxable valuation of property subject to the levy. The proceeds from the  
24 levy pursuant to this subdivision shall be distributed pursuant to  
25 section 79-1073.

26 (c) Except as provided in subdivision (2)(e) of this section, for  
27 each fiscal year prior to fiscal year 2017-18, school districts that are  
28 members of learning communities may levy for purposes of such districts'  
29 general fund budget and special building funds a maximum combined levy of  
30 the difference of one dollar and five cents on each one hundred dollars  
31 of taxable property subject to the levy minus the learning community levy

1 pursuant to subdivision (2)(b) of this section for such learning  
2 community.

3 (d) Excluded from the limitations in subdivisions (2)(a) and (2)(c)  
4 of this section are (i) amounts levied to pay for current and future sums  
5 agreed to be paid by a school district to certificated employees in  
6 exchange for a voluntary termination of employment occurring prior to  
7 September 1, 2017, (ii) amounts levied by a school district otherwise at  
8 the maximum levy pursuant to subdivision (2)(a) of this section to pay  
9 for current and future qualified voluntary termination incentives for  
10 certificated teachers pursuant to subsection (3) of section 79-8,142 that  
11 are not otherwise included in an exclusion pursuant to subdivision (2)(d)  
12 of this section, (iii) amounts levied by a school district otherwise at  
13 the maximum levy pursuant to subdivision (2)(a) of this section to pay  
14 for seventy-five percent of the current and future sums agreed to be paid  
15 to certificated employees in exchange for a voluntary termination of  
16 employment occurring between September 1, 2017, and August 31, 2018, as a  
17 result of a collective-bargaining agreement in force and effect on  
18 September 1, 2017, that are not otherwise included in an exclusion  
19 pursuant to subdivision (2)(d) of this section, (iv) amounts levied by a  
20 school district otherwise at the maximum levy pursuant to subdivision (2)  
21 (a) of this section to pay for fifty percent of the current and future  
22 sums agreed to be paid to certificated employees in exchange for a  
23 voluntary termination of employment occurring between September 1, 2018,  
24 and August 31, 2019, as a result of a collective-bargaining agreement in  
25 force and effect on September 1, 2017, that are not otherwise included in  
26 an exclusion pursuant to subdivision (2)(d) of this section, (v) amounts  
27 levied by a school district otherwise at the maximum levy pursuant to  
28 subdivision (2)(a) of this section to pay for twenty-five percent of the  
29 current and future sums agreed to be paid to certificated employees in  
30 exchange for a voluntary termination of employment occurring between  
31 September 1, 2019, and August 31, 2020, as a result of a collective-

1 bargaining agreement in force and effect on September 1, 2017, that are  
2 not otherwise included in an exclusion pursuant to subdivision (2)(d) of  
3 this section, (vi) amounts levied in compliance with sections 79-10,110  
4 and 79-10,110.02, and (vii) amounts levied to pay for special building  
5 funds and sinking funds established for projects commenced prior to April  
6 1, 1996, for construction, expansion, or alteration of school district  
7 buildings. For purposes of this subsection, commenced means any action  
8 taken by the school board on the record which commits the board to expend  
9 district funds in planning, constructing, or carrying out the project.

10 (e) Federal aid school districts may exceed the maximum levy  
11 prescribed by subdivision (2)(a) or (2)(c) of this section only to the  
12 extent necessary to qualify to receive federal aid pursuant to Title VIII  
13 of Public Law 103-382, as such title existed on September 1, 2001. For  
14 purposes of this subdivision, federal aid school district means any  
15 school district which receives ten percent or more of the revenue for its  
16 general fund budget from federal government sources pursuant to Title  
17 VIII of Public Law 103-382, as such title existed on September 1, 2001.

18 (f) For each fiscal year, learning communities may levy a maximum  
19 levy of one-half cent on each one hundred dollars of taxable property  
20 subject to the levy for elementary learning center facility leases, for  
21 remodeling of leased elementary learning center facilities, and for up to  
22 fifty percent of the estimated cost for focus school or program capital  
23 projects approved by the learning community coordinating council pursuant  
24 to section 79-2111.

25 (g) For each fiscal year, learning communities may levy a maximum  
26 levy of one and one-half cents on each one hundred dollars of taxable  
27 property subject to the levy for early childhood education programs for  
28 children in poverty, for elementary learning center employees, for  
29 contracts with other entities or individuals who are not employees of the  
30 learning community for elementary learning center programs and services,  
31 and for pilot projects, except that no more than ten percent of such levy

1 may be used for elementary learning center employees.

2 (3) For each fiscal year, community college areas may levy the  
3 levies provided in subdivisions (2)(a) through (c) of section 85-1517, in  
4 accordance with the provisions of such subdivisions. A community college  
5 area may exceed the levy provided in subdivision (2)(b) of section  
6 85-1517 by the amount necessary to retire general obligation bonds  
7 assumed by the community college area or issued pursuant to section  
8 85-1515 according to the terms of such bonds or for any obligation  
9 pursuant to section 85-1535 entered into prior to January 1, 1997.

10 (4)(a) Natural resources districts may levy a maximum levy of four  
11 and one-half cents per one hundred dollars of taxable valuation of  
12 property subject to the levy.

13 (b) Natural resources districts shall also have the power and  
14 authority to levy a tax equal to the dollar amount by which their  
15 restricted funds budgeted to administer and implement ground water  
16 management activities and integrated management activities under the  
17 Nebraska Ground Water Management and Protection Act exceed their  
18 restricted funds budgeted to administer and implement ground water  
19 management activities and integrated management activities for FY2003-04,  
20 not to exceed one cent on each one hundred dollars of taxable valuation  
21 annually on all of the taxable property within the district.

22 (c) In addition, natural resources districts located in a river  
23 basin, subbasin, or reach that has been determined to be fully  
24 appropriated pursuant to section 46-714 or designated as overappropriated  
25 pursuant to section 46-713 by the Department of Natural Resources shall  
26 also have the power and authority to levy a tax equal to the dollar  
27 amount by which their restricted funds budgeted to administer and  
28 implement ground water management activities and integrated management  
29 activities under the Nebraska Ground Water Management and Protection Act  
30 exceed their restricted funds budgeted to administer and implement ground  
31 water management activities and integrated management activities for

1 FY2005-06, not to exceed three cents on each one hundred dollars of  
2 taxable valuation on all of the taxable property within the district for  
3 fiscal year 2006-07 and each fiscal year thereafter through fiscal year  
4 2017-18.

5 (5) Any educational service unit authorized to levy a property tax  
6 pursuant to section 79-1225 may levy a maximum levy of one and one-half  
7 cents per one hundred dollars of taxable valuation of property subject to  
8 the levy.

9 (6)(a) Incorporated cities and villages which are not within the  
10 boundaries of a municipal county may levy a maximum levy of forty-five  
11 cents per one hundred dollars of taxable valuation of property subject to  
12 the levy plus an additional five cents per one hundred dollars of taxable  
13 valuation to provide financing for the municipality's share of revenue  
14 required under an agreement or agreements executed pursuant to the  
15 Interlocal Cooperation Act or the Joint Public Agency Act. The maximum  
16 levy shall include amounts levied to pay for sums to support a library  
17 pursuant to section 51-201, museum pursuant to section 51-501, visiting  
18 community nurse, home health nurse, or home health agency pursuant to  
19 section 71-1637, or statue, memorial, or monument pursuant to section  
20 80-202.

21 (b) Incorporated cities and villages which are within the boundaries  
22 of a municipal county may levy a maximum levy of ninety cents per one  
23 hundred dollars of taxable valuation of property subject to the levy. The  
24 maximum levy shall include amounts paid to a municipal county for county  
25 services, amounts levied to pay for sums to support a library pursuant to  
26 section 51-201, a museum pursuant to section 51-501, a visiting community  
27 nurse, home health nurse, or home health agency pursuant to section  
28 71-1637, or a statue, memorial, or monument pursuant to section 80-202.

29 (7) Sanitary and improvement districts which have been in existence  
30 for more than five years may levy a maximum levy of forty cents per one  
31 hundred dollars of taxable valuation of property subject to the levy, and

1 sanitary and improvement districts which have been in existence for five  
2 years or less shall not have a maximum levy. Unconsolidated sanitary and  
3 improvement districts which have been in existence for more than five  
4 years and are located in a municipal county may levy a maximum of eighty-  
5 five cents per hundred dollars of taxable valuation of property subject  
6 to the levy.

7 (8) Counties may levy or authorize a maximum levy of fifty cents per  
8 one hundred dollars of taxable valuation of property subject to the levy,  
9 except that five cents per one hundred dollars of taxable valuation of  
10 property subject to the levy may only be levied to provide financing for  
11 the county's share of revenue required under an agreement or agreements  
12 executed pursuant to the Interlocal Cooperation Act or the Joint Public  
13 Agency Act. The maximum levy shall include amounts levied to pay for sums  
14 to support a library pursuant to section 51-201 or museum pursuant to  
15 section 51-501. The county may allocate up to fifteen cents of its  
16 authority to other political subdivisions subject to allocation of  
17 property tax authority under subsection (1) of section 77-3443 and not  
18 specifically covered in this section to levy taxes as authorized by law  
19 which do not collectively exceed fifteen cents per one hundred dollars of  
20 taxable valuation on any parcel or item of taxable property. The county  
21 may allocate to one or more other political subdivisions subject to  
22 allocation of property tax authority by the county under subsection (1)  
23 of section 77-3443 some or all of the county's five cents per one hundred  
24 dollars of valuation authorized for support of an agreement or agreements  
25 to be levied by the political subdivision for the purpose of supporting  
26 that political subdivision's share of revenue required under an agreement  
27 or agreements executed pursuant to the Interlocal Cooperation Act or the  
28 Joint Public Agency Act. If an allocation by a county would cause another  
29 county to exceed its levy authority under this section, the second county  
30 may exceed the levy authority in order to levy the amount allocated.

31 (9) Municipal counties may levy or authorize a maximum levy of one

1 dollar per one hundred dollars of taxable valuation of property subject  
2 to the levy. The municipal county may allocate levy authority to any  
3 political subdivision or entity subject to allocation under section  
4 77-3443.

5 (10) Beginning July 1, 2016, rural and suburban fire protection  
6 districts may levy a maximum levy of ten and one-half cents per one  
7 hundred dollars of taxable valuation of property subject to the levy if  
8 (a) such district is located in a county that had a levy pursuant to  
9 subsection (8) of this section in the previous year of at least forty  
10 cents per one hundred dollars of taxable valuation of property subject to  
11 the levy or (b) for any rural or suburban fire protection district that  
12 had a levy request pursuant to section 77-3443 in the previous year, the  
13 county board of the county in which the greatest portion of the valuation  
14 of such district is located did not authorize any levy authority to such  
15 district in the previous year.

16 (11) Property tax levies (a) for judgments, except judgments or  
17 orders from the Commission of Industrial Relations, obtained against a  
18 political subdivision which require or obligate a political subdivision  
19 to pay such judgment, to the extent such judgment is not paid by  
20 liability insurance coverage of a political subdivision, (b) for  
21 preexisting lease-purchase contracts approved prior to July 1, 1998, (c)  
22 for bonds as defined in section 10-134 approved according to law and  
23 secured by a levy on property except as provided in section 44-4317 for  
24 bonded indebtedness issued by educational service units and school  
25 districts, and (d) for payments by a public airport to retire interest-  
26 free loans from the Division of Aeronautics of the Department of  
27 Transportation in lieu of bonded indebtedness at a lower cost to the  
28 public airport are not included in the levy limits established by this  
29 section.

30 (12) The limitations on tax levies provided in this section are to  
31 include all other general or special levies provided by law.

1 Notwithstanding other provisions of law, the only exceptions to the  
2 limits in this section are those provided by or authorized by sections  
3 77-3442 to 77-3444.

4 (13) Tax levies in excess of the limitations in this section shall  
5 be considered unauthorized levies under section 77-1606 unless approved  
6 under section 77-3444.

7 (14) For purposes of sections 77-3442 to 77-3444, political  
8 subdivision means a political subdivision of this state and a county  
9 agricultural society.

10 (15) For school districts that file a binding resolution on or  
11 before May 9, 2008, with the county assessors, county clerks, and county  
12 treasurers for all counties in which the school district has territory  
13 pursuant to subsection (7) of section 79-458, if the combined levies,  
14 except levies for bonded indebtedness approved by the voters of the  
15 school district and levies for the refinancing of such bonded  
16 indebtedness, are in excess of the greater of (a) one dollar and twenty  
17 cents per one hundred dollars of taxable valuation of property subject to  
18 the levy or (b) the maximum levy authorized by a vote pursuant to section  
19 77-3444, all school district levies, except levies for bonded  
20 indebtedness approved by the voters of the school district and levies for  
21 the refinancing of such bonded indebtedness, shall be considered  
22 unauthorized levies under section 77-1606.

23 Sec. 21. Section 77-5023, Reissue Revised Statutes of Nebraska, is  
24 amended to read:

25 77-5023 (1) Pursuant to section 77-5022, the commission shall have  
26 the power to increase or decrease the value of a class or subclass of  
27 real property in any county or taxing authority or of real property  
28 valued by the state so that all classes or subclasses of real property in  
29 all counties fall within an acceptable range.

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



1 tendency of assessment. Acceptable ranges are: (a) For agricultural land  
 2 and horticultural land as defined in section 77-1359, sixty-nine to  
 3 seventy-five percent of actual value, except that for school district  
 4 taxation purposes the acceptable range is a percentage range of actual  
 5 value as determined pursuant to subsection (6) of this section; (b) for  
 6 lands receiving special valuation, sixty-nine to seventy-five percent of  
 7 special valuation as defined in section 77-1343, except that for school  
 8 district taxation purposes the acceptable range is a percentage range of  
 9 special valuation as determined pursuant to subsection (6) of this  
 10 section; and (c) for all other real property, ninety-two to one hundred  
 11 percent of actual value.

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

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

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

22 (6) The applicable percentage range to be used for purposes of  
 23 subdivisions (2)(a) and (b) of this section shall be determined from the  
 24 following table:

<u>Tax Year</u>	<u>Percentage Range</u>
<u>2020</u>	<u>49 to 55</u>
<u>2021</u>	<u>39 to 45</u>
<u>2022 and after</u>	<u>34 to 40</u>

29 Sec. 22. Section 79-1003, Revised Statutes Cumulative Supplement,  
 30 2018, is amended to read:

31 79-1003 For purposes of the Tax Equity and Educational Opportunities

1 Support Act:

2 (1) Adjusted general fund operating expenditures means (a) for  
3 school fiscal years 2013-14 through 2015-16, the difference of the  
4 general fund operating expenditures as calculated pursuant to subdivision  
5 (23) of this section increased by the cost growth factor calculated  
6 pursuant to section 79-1007.10, minus the transportation allowance,  
7 special receipts allowance, poverty allowance, limited English  
8 proficiency allowance, distance education and telecommunications  
9 allowance, elementary site allowance, summer school allowance,  
10 instructional time allowance, teacher education allowance, and focus  
11 school and program allowance, (b) for school fiscal years 2016-17 through  
12 2018-19, the difference of the general fund operating expenditures as  
13 calculated pursuant to subdivision (23) of this section increased by the  
14 cost growth factor calculated pursuant to section 79-1007.10, minus the  
15 transportation allowance, special receipts allowance, poverty allowance,  
16 limited English proficiency allowance, distance education and  
17 telecommunications allowance, elementary site allowance, summer school  
18 allowance, and focus school and program allowance, and (c) for school  
19 fiscal year 2019-20 and each school fiscal year thereafter, the  
20 difference of the general fund operating expenditures as calculated  
21 pursuant to subdivision (23) of this section increased by the cost growth  
22 factor calculated pursuant to section 79-1007.10, minus the  
23 transportation allowance, special receipts allowance, poverty allowance,  
24 limited English proficiency allowance, distance education and  
25 telecommunications allowance, elementary site allowance, summer school  
26 allowance, community achievement plan allowance, and focus school and  
27 program allowance;

28 (2) Adjusted valuation means the assessed valuation of taxable  
29 property of each local system in the state, adjusted pursuant to the  
30 adjustment factors described in section 79-1016. Adjusted valuation means  
31 the adjusted valuation for the property tax year ending during the school

1 fiscal year immediately preceding the school fiscal year in which the aid  
2 based upon that value is to be paid. For purposes of determining the  
3 local effort rate yield pursuant to section 79-1015.01, adjusted  
4 valuation does not include the value of any property which a court, by a  
5 final judgment from which no appeal is taken, has declared to be  
6 nontaxable or exempt from taxation;

7 (3) Allocated income tax funds means the amount of assistance paid  
8 to a local system pursuant to section 79-1005.01 as adjusted, for school  
9 fiscal years prior to school fiscal year 2017-18, by the minimum levy  
10 adjustment pursuant to section 79-1008.02;

11 (4) Average daily membership means the average daily membership for  
12 grades kindergarten through twelve attributable to the local system, as  
13 provided in each district's annual statistical summary, and includes the  
14 proportionate share of students enrolled in a public school instructional  
15 program on less than a full-time basis;

16 (5) Base fiscal year means the first school fiscal year following  
17 the school fiscal year in which the reorganization or unification  
18 occurred;

19 (6) Board means the school board of each school district;

20 (7) Categorical funds means funds limited to a specific purpose by  
21 federal or state law, including, but not limited to, Title I funds, Title  
22 VI funds, federal vocational education funds, federal school lunch funds,  
23 Indian education funds, Head Start funds, and funds from the Education  
24 Innovation Fund;

25 (8) Consolidate means to voluntarily reduce the number of school  
26 districts providing education to a grade group and does not include  
27 dissolution pursuant to section 79-498;

28 (9) Converted contract means an expired contract that was in effect  
29 for at least fifteen school years beginning prior to school year 2012-13  
30 for the education of students in a nonresident district in exchange for  
31 tuition from the resident district when the expiration of such contract

1 results in the nonresident district educating students, who would have  
2 been covered by the contract if the contract were still in effect, as  
3 option students pursuant to the enrollment option program established in  
4 section 79-234;

5 (10) Converted contract option student means a student who will be  
6 an option student pursuant to the enrollment option program established  
7 in section 79-234 for the school fiscal year for which aid is being  
8 calculated and who would have been covered by a converted contract if the  
9 contract were still in effect and such school fiscal year is the first  
10 school fiscal year for which such contract is not in effect;

11 (11) Department means the State Department of Education;

12 (12) District means any school district or unified system as defined  
13 in section 79-4,108;

14 (13) Ensuing school fiscal year means the school fiscal year  
15 following the current school fiscal year;

16 (14) Equalization aid means the amount of assistance calculated to  
17 be paid to a local system pursuant to sections 79-1007.11 to 79-1007.23,  
18 79-1007.25, 79-1008.01 to 79-1022, and 79-1022.02;

19 (15) Fall membership means the total membership in kindergarten  
20 through grade twelve attributable to the local system as reported on the  
21 fall school district membership reports for each district pursuant to  
22 section 79-528;

23 (16) Fiscal year means the state fiscal year which is the period  
24 from July 1 to the following June 30;

25 (17) Formula students means:

26 (a) For state aid certified pursuant to section 79-1022, the sum of  
27 the product of fall membership from the school fiscal year immediately  
28 preceding the school fiscal year in which the aid is to be paid  
29 multiplied by the average ratio of average daily membership to fall  
30 membership for the second school fiscal year immediately preceding the  
31 school fiscal year in which the aid is to be paid and the prior two

1 school fiscal years plus sixty percent of the qualified early childhood  
2 education fall membership plus tuitioned students from the school fiscal  
3 year immediately preceding the school fiscal year in which aid is to be  
4 paid minus the product of the number of students enrolled in kindergarten  
5 that is not full-day kindergarten from the fall membership multiplied by  
6 0.5; and

7 (b) For the final calculation of state aid pursuant to section  
8 79-1065, the sum of average daily membership plus sixty percent of the  
9 qualified early childhood education average daily membership plus  
10 tuitioned students minus the product of the number of students enrolled  
11 in kindergarten that is not full-day kindergarten from the average daily  
12 membership multiplied by 0.5 from the school fiscal year immediately  
13 preceding the school fiscal year in which aid was paid;

14 (18) Free lunch and free milk calculated students means, using the  
15 most recent data available on November 1 of the school fiscal year  
16 immediately preceding the school fiscal year in which aid is to be paid,  
17 (a) for schools that did not provide free meals to all students pursuant  
18 to the community eligibility provision, students who individually  
19 qualified for free lunches or free milk pursuant to the federal Richard  
20 B. Russell National School Lunch Act, 42 U.S.C. 1751 et seq., and the  
21 federal Child Nutrition Act of 1966, 42 U.S.C. 1771 et seq., as such acts  
22 and sections existed on January 1, 2015, and rules and regulations  
23 adopted thereunder, plus (b) for schools that provided free meals to all  
24 students pursuant to the community eligibility provision, (i) for school  
25 fiscal year 2016-17, the product of the students who attended such school  
26 multiplied by the identified student percentage calculated pursuant to  
27 such federal provision or (ii) for school fiscal year 2017-18 and each  
28 school fiscal year thereafter, the greater of the number of students in  
29 such school who individually qualified for free lunch or free milk using  
30 the most recent school fiscal year for which the school did not provide  
31 free meals to all students pursuant to the community eligibility

1 provision or one hundred ten percent of the product of the students who  
2 qualified for free meals at such school pursuant to the community  
3 eligibility provision multiplied by the identified student percentage  
4 calculated pursuant to such federal provision, except that the free lunch  
5 and free milk students calculated for any school pursuant to subdivision  
6 (18)(b)(ii) of this section shall not exceed one hundred percent of the  
7 students qualified for free meals at such school pursuant to the  
8 community eligibility provision;

9 (19) Free lunch and free milk student means, for school fiscal years  
10 prior to school fiscal year 2016-17, a student who qualified for free  
11 lunches or free milk from the most recent data available on November 1 of  
12 the school fiscal year immediately preceding the school fiscal year in  
13 which aid is to be paid;

14 (20) Full-day kindergarten means kindergarten offered by a district  
15 for at least one thousand thirty-two instructional hours;

16 (21) General fund budget of expenditures means the total budget of  
17 disbursements and transfers for general fund purposes as certified in the  
18 budget statement adopted pursuant to the Nebraska Budget Act, except that  
19 for purposes of the limitation imposed in section 79-1023, the general  
20 fund budget of expenditures does not include any special grant funds,  
21 exclusive of local matching funds, received by a district;

22 (22) General fund expenditures means all expenditures from the  
23 general fund;

24 (23) General fund operating expenditures means for state aid  
25 calculated for school fiscal years 2012-13 and each school fiscal year  
26 thereafter, as reported on the annual financial report for the second  
27 school fiscal year immediately preceding the school fiscal year in which  
28 aid is to be paid, the total general fund expenditures minus (a) the  
29 amount of all receipts to the general fund, to the extent that such  
30 receipts are not included in local system formula resources, from early  
31 childhood education tuition, summer school tuition, educational entities

1 as defined in section 79-1201.01 for providing distance education courses  
2 through the Educational Service Unit Coordinating Council to such  
3 educational entities, private foundations, individuals, associations,  
4 charitable organizations, the textbook loan program authorized by section  
5 79-734, federal impact aid, and levy override elections pursuant to  
6 section 77-3444, (b) the amount of expenditures for categorical funds,  
7 tuition paid, transportation fees paid to other districts, adult  
8 education, community services, redemption of the principal portion of  
9 general fund debt service, retirement incentive plans authorized by  
10 section 79-855, and staff development assistance authorized by section  
11 79-856, (c) the amount of any transfers from the general fund to any bond  
12 fund and transfers from other funds into the general fund, (d) any legal  
13 expenses in excess of fifteen-hundredths of one percent of the formula  
14 need for the school fiscal year in which the expenses occurred, (e)(i)  
15 for state aid calculated for school fiscal years prior to school fiscal  
16 year 2018-19, expenditures to pay for sums agreed to be paid by a school  
17 district to certificated employees in exchange for a voluntary  
18 termination occurring prior to July 1, 2009, occurring on or after the  
19 last day of the 2010-11 school year and prior to the first day of the  
20 2013-14 school year, or, to the extent that a district has demonstrated  
21 to the State Board of Education pursuant to section 79-1028.01 that the  
22 agreement will result in a net savings in salary and benefit costs to the  
23 school district over a five-year period, occurring on or after the first  
24 day of the 2013-14 school year or (ii) for state aid calculated for  
25 school fiscal year 2018-19 and each school fiscal year thereafter,  
26 expenditures to pay for incentives agreed to be paid by a school district  
27 to certificated employees in exchange for a voluntary termination of  
28 employment for which the State Board of Education approved an exclusion  
29 pursuant to subdivision (1)(h), (i), (j), or (k) of section 79-1028.01,  
30 (f)(i) expenditures to pay for employer contributions pursuant to  
31 subsection (2) of section 79-958 to the School Employees Retirement

1 System of the State of Nebraska to the extent that such expenditures  
2 exceed the employer contributions under such subsection that would have  
3 been made at a contribution rate of seven and thirty-five hundredths  
4 percent or (ii) expenditures to pay for school district contributions  
5 pursuant to subdivision (1)(c)(i) or (1)(d)(i) of section 79-9,113 to the  
6 retirement system established pursuant to the Class V School Employees  
7 Retirement Act to the extent that such expenditures exceed the school  
8 district contributions under such subdivision that would have been made  
9 at a contribution rate of seven and thirty-seven hundredths percent, and  
10 (g) any amounts paid by the district for lobbyist fees and expenses  
11 reported to the Clerk of the Legislature pursuant to section 49-1483.

12 For purposes of this subdivision (23) of this section, receipts from  
13 levy override elections shall equal ninety-nine percent of the difference  
14 of the total general fund levy minus the maximum levy authorized in  
15 subdivision (2)(a) of section 77-3442 ~~a levy of one dollar and five cents~~  
16 ~~per one hundred dollars of taxable valuation~~ multiplied by the assessed  
17 valuation for school districts that have voted pursuant to section  
18 77-3444 to override the maximum levy provided pursuant to section  
19 77-3442;

20 (24) Income tax liability means the amount of the reported income  
21 tax liability for resident individuals pursuant to the Nebraska Revenue  
22 Act of 1967 less all nonrefundable credits earned and refunds made;

23 (25) Income tax receipts means the amount of income tax collected  
24 pursuant to the Nebraska Revenue Act of 1967 less all nonrefundable  
25 credits earned and refunds made;

26 (26) Limited English proficiency students means the number of  
27 students with limited English proficiency in a district from the most  
28 recent data available on November 1 of the school fiscal year preceding  
29 the school fiscal year in which aid is to be paid plus the difference of  
30 such students with limited English proficiency minus the average number  
31 of limited English proficiency students for such district, prior to such



1 addition, for the three immediately preceding school fiscal years if such  
2 difference is greater than zero;

3 (27) Local system means a unified system or a school district;

4 (28) Low-income child means (a) for school fiscal years prior to  
5 2016-17, a child under nineteen years of age living in a household having  
6 an annual adjusted gross income for the second calendar year preceding  
7 the beginning of the school fiscal year for which aid is being calculated  
8 equal to or less than the maximum household income that would allow a  
9 student from a family of four people to be a free lunch and free milk  
10 student during the school fiscal year immediately preceding the school  
11 fiscal year for which aid is being calculated and (b) for school fiscal  
12 year 2016-17 and each school fiscal year thereafter, a child under  
13 nineteen years of age living in a household having an annual adjusted  
14 gross income for the second calendar year preceding the beginning of the  
15 school fiscal year for which aid is being calculated equal to or less  
16 than the maximum household income pursuant to sections 9(b)(1) and 17(c)  
17 (4) of the Richard B. Russell National School Lunch Act, 42 U.S.C.  
18 1758(b)(1) and 42 U.S.C. 1766(c)(4), respectively, and sections 3(a)(6)  
19 and 4(e)(1)(A) of the Child Nutrition Act of 1966, 42 U.S.C. 1772(a)(6)  
20 and 42 U.S.C. 1773(e)(1)(A), respectively, as such acts and sections  
21 existed on January 1, 2015, for a household of that size that would have  
22 allowed the child to meet the income qualifications for free meals during  
23 the school fiscal year immediately preceding the school fiscal year for  
24 which aid is being calculated;

25 (29) Low-income students means the number of low-income children  
26 within the district multiplied by the ratio of the formula students in  
27 the district divided by the total children under nineteen years of age  
28 residing in the district as derived from income tax information;

29 (30) Most recently available complete data year means the most  
30 recent single school fiscal year for which the annual financial report,  
31 fall school district membership report, annual statistical summary,

1 Nebraska income tax liability by school district for the calendar year in  
2 which the majority of the school fiscal year falls, and adjusted  
3 valuation data are available;

4 (31) Poverty students means (a) for school fiscal years prior to  
5 2016-17, the number of low-income students or the number of students who  
6 are free lunch and free milk students in a district plus the difference  
7 of the number of low-income students or the number of students who are  
8 free lunch and free milk students in a district, whichever is greater,  
9 minus the average number of poverty students for such district, prior to  
10 such addition, for the three immediately preceding school fiscal years if  
11 such difference is greater than zero and (b) for school fiscal year  
12 2016-17 and each school fiscal year thereafter, the unadjusted poverty  
13 students plus the difference of such unadjusted poverty students minus  
14 the average number of poverty students for such district, prior to such  
15 addition, for the three immediately preceding school fiscal years if such  
16 difference is greater than zero;

17 (32) Qualified early childhood education average daily membership  
18 means the product of the average daily membership for school fiscal year  
19 2006-07 and each school fiscal year thereafter of students who will be  
20 eligible to attend kindergarten the following school year and are  
21 enrolled in an early childhood education program approved by the  
22 department pursuant to section 79-1103 for such school district for such  
23 school year multiplied by the ratio of the actual instructional hours of  
24 the program divided by one thousand thirty-two if: (a) The program is  
25 receiving a grant pursuant to such section for the third year; (b) the  
26 program has already received grants pursuant to such section for three  
27 years; or (c) the program has been approved pursuant to subsection (5) of  
28 section 79-1103 for such school year and the two preceding school years,  
29 including any such students in portions of any of such programs receiving  
30 an expansion grant;

31 (33) Qualified early childhood education fall membership means the

1 product of membership on October 1 of each school year of students who  
2 will be eligible to attend kindergarten the following school year and are  
3 enrolled in an early childhood education program approved by the  
4 department pursuant to section 79-1103 for such school district for such  
5 school year multiplied by the ratio of the planned instructional hours of  
6 the program divided by one thousand thirty-two if: (a) The program is  
7 receiving a grant pursuant to such section for the third year; (b) the  
8 program has already received grants pursuant to such section for three  
9 years; or (c) the program has been approved pursuant to subsection (5) of  
10 section 79-1103 for such school year and the two preceding school years,  
11 including any such students in portions of any of such programs receiving  
12 an expansion grant;

13 (34) Regular route transportation means the transportation of  
14 students on regularly scheduled daily routes to and from the attendance  
15 center;

16 (35) Reorganized district means any district involved in a  
17 consolidation and currently educating students following consolidation;

18 (36) School year or school fiscal year means the fiscal year of a  
19 school district as defined in section 79-1091;

20 (37) Sparse local system means a local system that is not a very  
21 sparse local system but which meets the following criteria:

22 (a)(i) Less than two students per square mile in the county in which  
23 each high school is located, based on the school district census, (ii)  
24 less than one formula student per square mile in the local system, and  
25 (iii) more than ten miles between each high school attendance center and  
26 the next closest high school attendance center on paved roads;

27 (b)(i) Less than one and one-half formula students per square mile  
28 in the local system and (ii) more than fifteen miles between each high  
29 school attendance center and the next closest high school attendance  
30 center on paved roads;

31 (c)(i) Less than one and one-half formula students per square mile

1 in the local system and (ii) more than two hundred seventy-five square  
2 miles in the local system; or

3 (d)(i) Less than two formula students per square mile in the local  
4 system and (ii) the local system includes an area equal to ninety-five  
5 percent or more of the square miles in the largest county in which a high  
6 school attendance center is located in the local system;

7 (38) Special education means specially designed kindergarten through  
8 grade twelve instruction pursuant to section 79-1125, and includes  
9 special education transportation;

10 (39) Special grant funds means the budgeted receipts for grants,  
11 including, but not limited to, categorical funds, reimbursements for  
12 wards of the court, short-term borrowings including, but not limited to,  
13 registered warrants and tax anticipation notes, interfund loans,  
14 insurance settlements, and reimbursements to county government for  
15 previous overpayment. The state board shall approve a listing of grants  
16 that qualify as special grant funds;

17 (40) State aid means the amount of assistance paid to a district  
18 pursuant to the Tax Equity and Educational Opportunities Support Act;

19 (41) State board means the State Board of Education;

20 (42) State support means all funds provided to districts by the  
21 State of Nebraska for the general fund support of elementary and  
22 secondary education;

23 (43) Statewide average basic funding per formula student means the  
24 statewide total basic funding for all districts divided by the statewide  
25 total formula students for all districts;

26 (44) Statewide average general fund operating expenditures per  
27 formula student means the statewide total general fund operating  
28 expenditures for all districts divided by the statewide total formula  
29 students for all districts;

30 (45) Teacher has the definition found in section 79-101;

31 (46) Temporary aid adjustment factor means (a) for school fiscal

1 years before school fiscal year 2007-08, one and one-fourth percent of  
2 the sum of the local system's transportation allowance, the local  
3 system's special receipts allowance, and the product of the local  
4 system's adjusted formula students multiplied by the average formula cost  
5 per student in the local system's cost grouping and (b) for school fiscal  
6 year 2007-08, one and one-fourth percent of the sum of the local system's  
7 transportation allowance, special receipts allowance, and distance  
8 education and telecommunications allowance and the product of the local  
9 system's adjusted formula students multiplied by the average formula cost  
10 per student in the local system's cost grouping;

11 (47) Tuition receipts from converted contracts means tuition  
12 receipts received by a district from another district in the most  
13 recently available complete data year pursuant to a converted contract  
14 prior to the expiration of the contract;

15 (48) Tuitioned students means students in kindergarten through grade  
16 twelve of the district whose tuition is paid by the district to some  
17 other district or education agency;

18 (49) Unadjusted poverty students means, for school fiscal year  
19 2016-17 and each school fiscal year thereafter, the greater of the number  
20 of low-income students or the free lunch and free milk calculated  
21 students in a district; and

22 (50) Very sparse local system means a local system that has:

23 (a)(i) Less than one-half student per square mile in each county in  
24 which each high school attendance center is located based on the school  
25 district census, (ii) less than one formula student per square mile in  
26 the local system, and (iii) more than fifteen miles between the high  
27 school attendance center and the next closest high school attendance  
28 center on paved roads; or

29 (b)(i) More than four hundred fifty square miles in the local  
30 system, (ii) less than one-half student per square mile in the local  
31 system, and (iii) more than fifteen miles between each high school

1 attendance center and the next closest high school attendance center on  
2 paved roads.

3 Sec. 23. Section 79-1015.01, Revised Statutes Cumulative Supplement,  
4 2018, is amended to read:

5 79-1015.01 (1) Local system formula resources shall include local  
6 effort rate yield which shall be computed as prescribed in this section.

7 (2) For each school fiscal year 2019-20 ~~except school fiscal years~~  
8 ~~2017-18 and 2018-19~~: (a) For state aid certified pursuant to section  
9 79-1022, the local effort rate shall be the maximum levy, for the school  
10 fiscal year for which aid is being certified, authorized pursuant to  
11 subdivision (2)(a) of section 77-3442 less five cents; (b) for the final  
12 calculation of state aid pursuant to section 79-1065, the local effort  
13 rate shall be the rate which, when multiplied by the total adjusted  
14 valuation of all taxable property in local systems receiving equalization  
15 aid pursuant to the Tax Equity and Educational Opportunities Support Act,  
16 will produce the amount needed to support the total formula need of such  
17 local systems when added to state aid appropriated by the Legislature and  
18 other actual receipts of local systems described in section 79-1018.01;  
19 and (c) the local effort rate yield for such school fiscal years shall be  
20 determined by multiplying each local system's total adjusted valuation by  
21 the local effort rate.

22 (3) For school fiscal year 2020-21 and each school fiscal year  
23 thereafter: (a) For state aid certified pursuant to section 79-1022, the  
24 local effort rate shall be .9750; and (b) the local effort rate yield for  
25 such school fiscal years shall be determined by multiplying each local  
26 system's total adjusted valuation by the local effort rate. ~~For school~~  
27 ~~fiscal years 2017-18 and 2018-19: (a) For state aid certified pursuant to~~  
28 ~~section 79-1022, the local effort rate shall be the maximum levy, for the~~  
29 ~~school fiscal year for which aid is being certified, authorized pursuant~~  
30 ~~to subdivision (2)(a) of section 77-3442 less two and ninety-seven~~  
31 ~~hundredths cents; (b) for the final calculation of state aid pursuant to~~

~~1 section 79-1065, the local effort rate shall be the rate which, when  
2 multiplied by the total adjusted valuation of all taxable property in  
3 local systems receiving equalization aid pursuant to the Tax Equity and  
4 Educational Opportunities Support Act, will produce the amount needed to  
5 support the total formula need of such local systems when added to state  
6 aid appropriated by the Legislature and other actual receipts of local  
7 systems described in section 79-1018.01; and (c) the local effort rate  
8 yield for such school fiscal years shall be determined by multiplying  
9 each local system's total adjusted valuation by the local effort rate.~~

10 Sec. 24. Section 79-1016, Revised Statutes Cumulative Supplement,  
11 2018, is amended to read:

12 79-1016 (1) On or before August 20, the county assessor shall  
13 certify to the Property Tax Administrator the total taxable value by  
14 school district in the county for the current assessment year on forms  
15 prescribed by the Tax Commissioner. The county assessor may amend the  
16 filing for changes made to the taxable valuation of the school district  
17 in the county if corrections or errors on the original certification are  
18 discovered. Amendments shall be certified to the Property Tax  
19 Administrator on or before August 31.

20 (2) On or before October 10, the Property Tax Administrator shall  
21 compute and certify to the State Department of Education the adjusted  
22 valuation for the current assessment year for each class of property in  
23 each school district and each local system. The adjusted valuation of  
24 property for each school district and each local system, for purposes of  
25 determining state aid pursuant to the Tax Equity and Educational  
26 Opportunities Support Act, shall reflect as nearly as possible state aid  
27 value as defined in subsection (3) of this section. The Property Tax  
28 Administrator shall notify each school district and each local system of  
29 its adjusted valuation for the current assessment year by class of  
30 property on or before October 10. Establishment of the adjusted valuation  
31 shall be based on the taxable value certified by the county assessor for

1 each school district in the county adjusted by the determination of the  
2 level of value for each school district from an analysis of the  
3 comprehensive assessment ratio study or other studies developed by the  
4 Property Tax Administrator, in compliance with professionally accepted  
5 mass appraisal techniques, as required by section 77-1327. The Tax  
6 Commissioner shall adopt and promulgate rules and regulations setting  
7 forth standards for the determination of level of value for state aid  
8 purposes.

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

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

12 ~~(b)(i) (b)~~ For agricultural and horticultural land, a percentage  
13 ~~seventy-two percent~~ of actual value as provided in sections 77-1359 and  
14 ~~to 77-1363, which shall be determined using the table in subdivision (3)~~  
15 (b)(ii) of this section. For agricultural and horticultural land that  
16 receives special valuation pursuant to section 77-1344, a percentage  
17 ~~seventy-two percent~~ of special valuation as defined in section 77-1343,  
18 which shall be determined using the table in subdivision (3)(b)(ii) of  
19 this section; ~~and~~

20 (ii) The applicable percentage to be used for purposes of  
21 subdivision (3)(b)(i) of this section shall be determined from the  
22 following table:

<u>Tax Year</u>	<u>Percentage</u>
<u>2020</u>	<u>52</u>
<u>2021</u>	<u>42</u>
<u>2022 and after</u>	<u>37</u>

27 (c) For personal property, the net book value as defined in section  
28 77-120.

29 (4) On or before November 10, any local system may file with the Tax  
30 Commissioner written objections to the adjusted valuations prepared by  
31 the Property Tax Administrator, stating the reasons why such adjusted



1 valuations are not the valuations required by subsection (3) of this  
2 section. The Tax Commissioner shall fix a time for a hearing. Either  
3 party shall be permitted to introduce any evidence in reference thereto.  
4 On or before January 1, the Tax Commissioner shall enter a written order  
5 modifying or declining to modify, in whole or in part, the adjusted  
6 valuations and shall certify the order to the State Department of  
7 Education. Modification by the Tax Commissioner shall be based upon the  
8 evidence introduced at hearing and shall not be limited to the  
9 modification requested in the written objections or at hearing. A copy of  
10 the written order shall be mailed to the local system within seven days  
11 after the date of the order. The written order of the Tax Commissioner  
12 may be appealed within thirty days after the date of the order to the Tax  
13 Equalization and Review Commission in accordance with section 77-5013.

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

23 (6) On or before May 31 of the year following the certification of  
24 adjusted valuation pursuant to subsection (2) of this section, any local  
25 system or county official may file with the Tax Commissioner a written  
26 request for a nonappealable correction of the adjusted valuation due to  
27 changes to the tax list that change the assessed value of taxable  
28 property. Upon the filing of the written request, the Tax Commissioner  
29 shall require the county assessor to recertify the taxable valuation by  
30 school district in the county on forms prescribed by the Tax  
31 Commissioner. The recertified valuation shall be the valuation that was

1 certified on the tax list, pursuant to section 77-1613, increased or  
2 decreased by changes to the tax list that change the assessed value of  
3 taxable property in the school district in the county in the prior  
4 assessment year. On or before the following July 31, the Tax Commissioner  
5 shall approve or deny the request and, if approved, certify the corrected  
6 adjusted valuations resulting from such action to the State Department of  
7 Education.

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

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

23 Sec. 25. Section 79-1022, Revised Statutes Cumulative Supplement,  
24 2018, is amended to read:

25 79-1022 (1)(a) ~~(1)~~ On or before June 1, 2017, and on or before  
26 March 1 of each year thereafter, for each ensuing fiscal year, the  
27 department shall determine the amounts to be distributed to each local  
28 system and each district for the ensuing school fiscal year pursuant to  
29 the Tax Equity and Educational Opportunities Support Act and shall  
30 certify the amounts to the Director of Administrative Services, the  
31 Auditor of Public Accounts, each learning community for school fiscal

1 years prior to school fiscal year 2017-18, and each district.

2 (b) For school fiscal year 2020-21 and each school fiscal year  
3 thereafter, notwithstanding any other provision of the Tax Equity and  
4 Educational Opportunities Support Act to the contrary, the amount to be  
5 distributed to each local system under the act and certified pursuant to  
6 this section shall be:

7 (i) For school fiscal year 2020-21, the greater of thirty-five  
8 percent of the basic funding calculated for the school districts in the  
9 local system for such school fiscal year or the total amount calculated  
10 pursuant to the remainder of the act;

11 (ii) For school fiscal year 2021-22, the greater of forty-five  
12 percent of the basic funding calculated for the school districts in the  
13 local system for such school fiscal year or the total amount calculated  
14 pursuant to the remainder of the act; and

15 (iii) For school fiscal year 2022-23 and each school fiscal year  
16 thereafter, the greater of fifty percent of the basic funding calculated  
17 for the school districts in the local system for such school fiscal year  
18 or the total amount calculated pursuant to the remainder of the act.

19 (c) Except as otherwise provided in this section, the amount to be  
20 distributed to each district from the amount certified for a local system  
21 shall be proportional based on the formula students attributed to each  
22 district in the local system. For school fiscal years prior to school  
23 fiscal year 2017-18, the amount to be distributed to each district that  
24 is a member of a learning community from the amount certified for the  
25 local system shall be proportional based on the formula needs calculated  
26 for each district in the local system.

27 (d) On or before June 1, 2017, and on or before March 1 of each year  
28 thereafter, for each ensuing fiscal year, the department shall report the  
29 necessary funding level for the ensuing school fiscal year to the  
30 Governor, the Appropriations Committee of the Legislature, and the  
31 Education Committee of the Legislature. The report submitted to the

1 committees of the Legislature shall be submitted electronically.

2 (e) Except as otherwise provided in this subsection, certified state  
3 aid amounts, including adjustments pursuant to section 79-1065.02, shall  
4 be shown as budgeted non-property-tax receipts and deducted prior to  
5 calculating the property tax request in the district's general fund  
6 budget statement as provided to the Auditor of Public Accounts pursuant  
7 to section 79-1024.

8 (2) Except as provided in this subsection, subsection (8) of section  
9 79-1016, and sections 79-1005, 79-1033, and 79-1065.02, the amounts  
10 certified pursuant to subsection (1) of this section shall be distributed  
11 in ten as nearly as possible equal payments on the last business day of  
12 each month beginning in September of each ensuing school fiscal year and  
13 ending in June of the following year, except that when a school district  
14 is to receive a monthly payment of less than one thousand dollars, such  
15 payment shall be one lump-sum payment on the last business day of  
16 December during the ensuing school fiscal year.

17 Sec. 26. This act becomes operative on January 1, 2020.

18 Sec. 27. Original sections 77-201, 77-202, 77-382, 77-693, 77-801,  
19 77-1238, 77-1248, 77-1601.02, 77-2602, 77-2701.16, 77-2704.24,  
20 77-2704.67, 77-27,132, 77-3442, and 77-5023, Reissue Revised Statutes of  
21 Nebraska, and sections 53-160, 53-187, 79-1003, 79-1015.01, 79-1016, and  
22 79-1022, Revised Statutes Cumulative Supplement, 2018, are repealed.