

**ONE HUNDRED SIXTH LEGISLATURE - FIRST SESSION - 2019**  
**COMMITTEE STATEMENT**  
**LB88**

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**Hearing Date:** Wednesday January 23, 2019  
**Committee On:** Revenue  
**Introducer:** Wayne  
**One Liner:** Provide an income tax credit for certain purchases of a residence

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**Roll Call Vote - Final Committee Action:**  
Advanced to General File with amendment(s)

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**Vote Results:**

<b>Aye:</b>	6	Senators Linehan, Friesen, Lindstrom, Crawford, McCollister, Kolterman
<b>Nay:</b>	1	Senator Groene
<b>Absent:</b>		
<b>Present Not Voting:</b>	1	Senator Briese

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**Oral Testimony:**

**Proponents:**

Senator Justin Wayne  
Jerry Standerford  
Matthew Cavanaugh

**Representing:**

Introducer  
MOBA-ENDL, Sherwood Homes  
Nebraska Housing Developers Association

**Opponents:**

**Representing:**

**Neutral:**

Sarah Curry

**Representing:**

Platte Institute

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**Summary of purpose and/or changes:**

The bill creates a new nonrefundable credit of \$5,000 against individual income tax for any resident individual who purchases a residence during the taxable year that is located in an area that has been designated "extremely blighted" under the Community Development Law:

(3) Blighted area means an area (a) which, by reason of the presence of a substantial number of deteriorated or deteriorating structures, existence of defective or inadequate street layout, faulty lot layout in relation to size, adequacy, accessibility, or usefulness, insanitary or unsafe conditions, deterioration of site or other improvements, diversity of ownership, tax or special assessment delinquency exceeding the fair value of the land, defective or unusual conditions of title, improper subdivision or obsolete platting, or the existence of conditions which endanger life or property by fire and other causes, or any combination of such factors, substantially impairs or arrests the sound growth of the community, retards the provision of housing accommodations, or constitutes an economic or social liability and is detrimental to the public health, safety, morals, or welfare in its present condition and use and (b) in which there is at least one of the following conditions: (i) Unemployment in the designated area is at least one hundred twenty percent of the state or national average; (ii) the average age of the residential or commercial units in the area is at least forty years; (iii) more than half of the plotted and subdivided property in an area is unimproved land that has been within the city for forty years and has remained unimproved during that time; (iv) the per capita income of the area is lower than the average per capita income of the city or village in which the area is designated; or (v) the area has had either stable or decreasing population based on the last two decennial censuses. In no event shall a city of the metropolitan, primary, or first class designate more than thirty-five percent of the city as blighted, a city of the second class shall not designate an

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area larger than fifty percent of the city as blighted, and a village shall not designate an area larger than one hundred percent of the village as blighted. A redevelopment project involving a formerly used defense site as authorized under section 18-2123.01 shall not count towards the percentage limitations contained in this subdivision; Section 18-2103.

The residence must be the taxpayer's primary residence and may not have been purchased from a family member as defined on page 6 of the bill. No more than one credit may be claimed for a single residence and the credit may be carried forward until fully utilized. The credit may be recaptured if the taxpayer sells the residence or quits using it as their primary residence. The bill is operative for taxable years beginning or deemed to begin on January 1, 2020.

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**Explanation of amendments:**

The amendment provides procedures for declaring an area extremely blighted.

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Lou Ann Linehan, Chairperson