

LEGISLATURE OF NEBRASKA  
ONE HUNDRED EIGHTH LEGISLATURE  
FIRST SPECIAL SESSION

**LEGISLATIVE BILL 12**

Introduced by Day, 49; Cavanaugh, J., 9; Cavanaugh, M., 6; Conrad, 46;  
Hughes, 24; Hunt, 8; Raybould, 28.

Read first time July 25, 2024

Committee: Revenue

- 1 A BILL FOR AN ACT relating to revenue and taxation; to amend section
- 2 81-12,193, Revised Statutes Cumulative Supplement, 2022, and
- 3 sections 77-6702 and 77-6703, Revised Statutes Supplement, 2023; to
- 4 adopt the School District Property Tax Relief Act; to change
- 5 provisions relating to the Nebraska Property Tax Incentive Act; to
- 6 harmonize provisions; to repeal the original sections; and to
- 7 declare an emergency.
- 8 Be it enacted by the people of the State of Nebraska,

1           Section 1. Sections 1 to 5 of this act shall be known and may be  
2 cited as the School District Property Tax Relief Act.

3           Sec. 2. The purpose of the School District Property Tax Relief Act  
4 is to provide property tax relief for property taxes levied against real  
5 property by school districts. The property tax relief will be made to  
6 owners of real property in the form of a property tax credit.

7           Sec. 3. For purposes of the School District Property Tax Relief  
8 Act:

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

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

15           Sec. 4. The School Property Tax Credit Fund is created. The fund  
16 shall only be used pursuant to the School District Property Tax Relief  
17 Act. Any money in the fund available for investment shall be invested by  
18 the state investment officer pursuant to the Nebraska Capital Expansion  
19 Act and the Nebraska State Funds Investment Act.

20           Sec. 5. (1) The School District Property Tax Relief Act shall apply  
21 to tax year 2024 and each tax year thereafter. For tax year 2024, the  
22 amount of relief granted under the act shall be five hundred sixty  
23 million seven hundred thousand dollars. For tax year 2025 and each tax  
24 year thereafter, the amount of relief granted under the act shall be the  
25 amount of relief from the prior year plus thirty million dollars. The  
26 relief shall be in the form of a property tax credit which appears on the  
27 property tax statement.

28           (2) To determine the amount of the property tax credit for each  
29 parcel, the county treasurer shall multiply the amount disbursed to the  
30 county under subsection (4) of this section by the ratio of the school  
31 district taxes levied on the parcel to the school district taxes levied

1 on all real property in the county. The amount so determined shall be the  
2 property tax credit for that parcel.

3 (3) If the real property owner qualifies for a homestead exemption  
4 under sections 77-3501 to 77-3529, the owner shall also be qualified for  
5 the credit provided in this section to the extent of any remaining  
6 liability after calculation of the relief provided by the homestead  
7 exemption. If the credit provided in this section results in a property  
8 tax liability on the homestead that is less than zero, the amount of the  
9 credit which cannot be used by the taxpayer shall be returned to the  
10 Property Tax Administrator by July 1 of the year the amount disbursed to  
11 the county was disbursed. The Property Tax Administrator shall  
12 immediately credit any funds returned under this subsection to the School  
13 Property Tax Credit Fund. Upon the return of any funds under this  
14 subsection, the county treasurer shall electronically file a report with  
15 the Property Tax Administrator, on a form prescribed by the Tax  
16 Commissioner, indicating the amount of funds distributed to each school  
17 district in the county in the year the funds were returned, any  
18 collection fee retained by the county in such year, and the amount of  
19 unused credits returned.

20 (4) The amount disbursed to each county under this section shall be  
21 equal to the amount available for disbursement, as determined under  
22 subsection (1) of this section, multiplied by the ratio of the school  
23 district taxes levied on all real property in the county to the school  
24 district taxes levied on all real property in the state. By October 15,  
25 2024, and by October 15 of each year thereafter, the Property Tax  
26 Administrator shall determine the amount to be disbursed under this  
27 subsection to each county and shall certify such amounts to the State  
28 Treasurer and to each county. The disbursements to the counties shall  
29 occur in two equal payments, the first on or before January 31 and the  
30 second on or before April 1. After retaining one percent of the receipts  
31 for costs, the county treasurer shall allocate the remaining receipts to

1 the school districts in the county proportionally based on the amount of  
2 school district taxes levied on real property in the county by such  
3 school districts.

4 Sec. 6. Section 77-6702, Revised Statutes Supplement, 2023, is  
5 amended to read:

6 77-6702 For purposes of the Nebraska Property Tax Incentive Act:

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

10 ~~(1) (2) Community college taxes means property taxes levied on real~~  
11 ~~property in this state by a community college area, excluding the~~  
12 ~~following:~~

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

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

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

19 ~~(2) (3) Department means the Department of Revenue;~~

20 ~~(3) (4) Eligible taxpayer means any individual, corporation,~~  
21 ~~partnership, limited liability company, trust, estate, or other entity~~  
22 ~~that pays school district taxes or community college taxes during a~~  
23 ~~taxable year; and~~

24 ~~(4) (5) School district taxes means property taxes levied on real~~  
25 ~~property in this state by a school district or multiple-district school~~  
26 ~~system, excluding the following:~~

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

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

31 ~~(c) Any property taxes that, as of the time of payment, were~~

1 delinquent for five years or more.

2 Sec. 7. Section 77-6703, Revised Statutes Supplement, 2023, is  
3 amended to read:

4 77-6703 (1) For taxable years beginning or deemed to begin on or  
5 after January 1, 2020, and before January 1, 2024, under the Internal  
6 Revenue Code of 1986, as amended, there shall be allowed to each eligible  
7 taxpayer a refundable credit against the income tax imposed by the  
8 Nebraska Revenue Act of 1967 or against the franchise tax imposed by  
9 sections 77-3801 to 77-3807. The credit shall be equal to the credit  
10 percentage for the taxable year, as set by the department under  
11 subsection (2) of this section, multiplied by the amount of school  
12 district taxes paid by the eligible taxpayer during such taxable year.

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

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

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

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

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

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

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

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

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

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

17 Sec. 8. Section 81-12,193, Revised Statutes Cumulative Supplement,  
18 2022, is amended to read:

19 81-12,193 (1) The Nebraska Transformational Project Fund is hereby  
20 created. The fund shall receive money from application fees paid under  
21 the Nebraska Transformational Projects Act and from appropriations from  
22 the Legislature, grants, private contributions, repayments of matching  
23 funds, and all other sources. Any money in the fund available for  
24 investment shall be invested by the state investment officer pursuant to  
25 the Nebraska Capital Expansion Act and the Nebraska State Funds  
26 Investment Act.

27 (2) It is the intent of the Legislature that the State Treasurer  
28 shall transfer an amount not to exceed three hundred million dollars to  
29 the Nebraska Transformational Project Fund. Such transfers shall only  
30 occur after the applicant has been selected for participation in the  
31 program described in Title VII, Subtitle C, section 740 of Public Law

1 116-92 and commitments totaling one billion three hundred million dollars  
2 in total investment, including only federal dollars and private  
3 donations, have been secured. In no case shall any transfer occur before  
4 fiscal year 2025-26 ~~or before the total amount of refundable credits~~  
5 ~~granted annually under the Nebraska Property Tax Incentive Act reaches~~  
6 ~~three hundred seventy-five million dollars.~~ Distributions shall only be  
7 made from the fund in amounts equal to the amount of private dollars  
8 received by the applicant for the project.

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

11 Sec. 9. Original section 81-12,193, Revised Statutes Cumulative  
12 Supplement, 2022, and sections 77-6702 and 77-6703, Revised Statutes  
13 Supplement, 2023, are repealed.

14 Sec. 10. Since an emergency exists, this act takes effect when  
15 passed and approved according to law.