

LEGISLATURE OF NEBRASKA
ONE HUNDRED EIGHTH LEGISLATURE
FIRST SPECIAL SESSION

LEGISLATIVE BILL 20

Introduced by McKinney, 11; Cavanaugh, M., 6; Dungan, 26.

Read first time July 25, 2024

Committee: Revenue

1 A BILL FOR AN ACT relating to revenue and taxation; to amend section
2 77-2715.07, Revised Statutes Supplement, 2023, as amended by Laws
3 2024, LB937, section 74, Laws 2024, LB1023, section 9, Laws 2024,
4 LB1344, section 9, and Laws 2024, LB1402, section 2; and section
5 77-4212, Revised Statutes Supplement, 2023, as amended by Laws 2024,
6 LB126, section 11; to provide an income tax credit for renters as
7 prescribed; to change provisions relating to a property tax credit;
8 and to repeal the original sections.
9 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 77-2715.07, Revised Statutes Supplement, 2023, as
2 amended by Laws 2024, LB937, section 74, Laws 2024, LB1023, section 9,
3 Laws 2024, LB1344, section 9, and Laws 2024, LB1402, section 2, is
4 amended to read:

5 77-2715.07 (1) There shall be allowed to qualified resident
6 individuals as a nonrefundable credit against the income tax imposed by
7 the Nebraska Revenue Act of 1967:

8 (a) A credit equal to the federal credit allowed under section 22 of
9 the Internal Revenue Code; and

10 (b) A credit for taxes paid to another state as provided in section
11 77-2730.

12 (2) There shall be allowed to qualified resident individuals against
13 the income tax imposed by the Nebraska Revenue Act of 1967:

14 (a) For returns filed reporting federal adjusted gross incomes of
15 greater than twenty-nine thousand dollars, a nonrefundable credit equal
16 to twenty-five percent of the federal credit allowed under section 21 of
17 the Internal Revenue Code of 1986, as amended, except that for taxable
18 years beginning or deemed to begin on or after January 1, 2015, such
19 nonrefundable credit shall be allowed only if the individual would have
20 received the federal credit allowed under section 21 of the code after
21 adding back in any carryforward of a net operating loss that was deducted
22 pursuant to such section in determining eligibility for the federal
23 credit;

24 (b) For returns filed reporting federal adjusted gross income of
25 twenty-nine thousand dollars or less, a refundable credit equal to a
26 percentage of the federal credit allowable under section 21 of the
27 Internal Revenue Code of 1986, as amended, whether or not the federal
28 credit was limited by the federal tax liability. The percentage of the
29 federal credit shall be one hundred percent for incomes not greater than
30 twenty-two thousand dollars, and the percentage shall be reduced by ten
31 percent for each one thousand dollars, or fraction thereof, by which the

1 reported federal adjusted gross income exceeds twenty-two thousand
2 dollars, except that for taxable years beginning or deemed to begin on or
3 after January 1, 2015, such refundable credit shall be allowed only if
4 the individual would have received the federal credit allowed under
5 section 21 of the code after adding back in any carryforward of a net
6 operating loss that was deducted pursuant to such section in determining
7 eligibility for the federal credit;

8 (c) A refundable credit as provided in section 77-5209.01 for
9 individuals who qualify for an income tax credit as a qualified beginning
10 farmer or livestock producer under the Beginning Farmer Tax Credit Act
11 for all taxable years beginning or deemed to begin on or after January 1,
12 2006, under the Internal Revenue Code of 1986, as amended;

13 (d) A refundable credit for individuals who qualify for an income
14 tax credit under the Angel Investment Tax Credit Act, the Nebraska
15 Advantage Microenterprise Tax Credit Act, the Nebraska Advantage Research
16 and Development Act, the Reverse Osmosis System Tax Credit Act, or the
17 Volunteer Emergency Responders Incentive Act; and

18 (e) A refundable credit equal to ten percent of the federal credit
19 allowed under section 32 of the Internal Revenue Code of 1986, as
20 amended, except that for taxable years beginning or deemed to begin on or
21 after January 1, 2015, such refundable credit shall be allowed only if
22 the individual would have received the federal credit allowed under
23 section 32 of the code after adding back in any carryforward of a net
24 operating loss that was deducted pursuant to such section in determining
25 eligibility for the federal credit.

26 (3) There shall be allowed to all individuals as a nonrefundable
27 credit against the income tax imposed by the Nebraska Revenue Act of
28 1967:

29 (a) A credit for personal exemptions allowed under section
30 77-2716.01;

31 (b) A credit for contributions to programs or projects certified for

1 tax credit status as provided in the Creating High Impact Economic
2 Futures Act. Each partner, each shareholder of an electing subchapter S
3 corporation, each beneficiary of an estate or trust, or each member of a
4 limited liability company shall report his or her share of the credit in
5 the same manner and proportion as he or she reports the partnership,
6 subchapter S corporation, estate, trust, or limited liability company
7 income;

8 (c) A credit for investment in a biodiesel facility as provided in
9 section 77-27,236;

10 (d) A credit as provided in the New Markets Job Growth Investment
11 Act;

12 (e) A credit as provided in the Nebraska Job Creation and Mainstreet
13 Revitalization Act;

14 (f) A credit to employers as provided in sections 77-27,238 and
15 77-27,240;

16 (g) A credit as provided in the Affordable Housing Tax Credit Act;

17 (h) A credit to grocery store retailers, restaurants, and
18 agricultural producers as provided in section 77-27,241;

19 (i) A credit as provided in the Sustainable Aviation Fuel Tax Credit
20 Act;

21 (j) A credit as provided in the Nebraska Shortline Rail
22 Modernization Act;

23 (k) A credit as provided in the Nebraska Pregnancy Help Act; and

24 (l) A credit as provided in the Caregiver Tax Credit Act.

25 (4) There shall be allowed as a credit against the income tax
26 imposed by the Nebraska Revenue Act of 1967:

27 (a) A credit to all resident estates and trusts for taxes paid to
28 another state as provided in section 77-2730;

29 (b) A credit to all estates and trusts for contributions to programs
30 or projects certified for tax credit status as provided in the Creating
31 High Impact Economic Futures Act; and

1 (c) A refundable credit for individuals who qualify for an income
2 tax credit as an owner of agricultural assets under the Beginning Farmer
3 Tax Credit Act for all taxable years beginning or deemed to begin on or
4 after January 1, 2009, under the Internal Revenue Code of 1986, as
5 amended. The credit allowed for each partner, shareholder, member, or
6 beneficiary of a partnership, corporation, limited liability company, or
7 estate or trust qualifying for an income tax credit as an owner of
8 agricultural assets under the Beginning Farmer Tax Credit Act shall be
9 equal to the partner's, shareholder's, member's, or beneficiary's portion
10 of the amount of tax credit distributed pursuant to subsection (6) of
11 section 77-5211.

12 (5)(a) For all taxable years beginning on or after January 1, 2007,
13 and before January 1, 2009, under the Internal Revenue Code of 1986, as
14 amended, there shall be allowed to each partner, shareholder, member, or
15 beneficiary of a partnership, subchapter S corporation, limited liability
16 company, or estate or trust a nonrefundable credit against the income tax
17 imposed by the Nebraska Revenue Act of 1967 equal to fifty percent of the
18 partner's, shareholder's, member's, or beneficiary's portion of the
19 amount of franchise tax paid to the state under sections 77-3801 to
20 77-3807 by a financial institution.

21 (b) For all taxable years beginning on or after January 1, 2009,
22 under the Internal Revenue Code of 1986, as amended, there shall be
23 allowed to each partner, shareholder, member, or beneficiary of a
24 partnership, subchapter S corporation, limited liability company, or
25 estate or trust a nonrefundable credit against the income tax imposed by
26 the Nebraska Revenue Act of 1967 equal to the partner's, shareholder's,
27 member's, or beneficiary's portion of the amount of franchise tax paid to
28 the state under sections 77-3801 to 77-3807 by a financial institution.

29 (c) Each partner, shareholder, member, or beneficiary shall report
30 his or her share of the credit in the same manner and proportion as he or
31 she reports the partnership, subchapter S corporation, limited liability

1 company, or estate or trust income. If any partner, shareholder, member,
2 or beneficiary cannot fully utilize the credit for that year, the credit
3 may not be carried forward or back.

4 (6) There shall be allowed to all individuals nonrefundable credits
5 against the income tax imposed by the Nebraska Revenue Act of 1967 as
6 provided in section 77-3604 and refundable credits against the income tax
7 imposed by the Nebraska Revenue Act of 1967 as provided in section
8 77-3605.

9 (7)(a) For taxable years beginning or deemed to begin on or after
10 January 1, 2020, and before January 1, 2026, under the Internal Revenue
11 Code of 1986, as amended, a nonrefundable credit against the income tax
12 imposed by the Nebraska Revenue Act of 1967 in the amount of five
13 thousand dollars shall be allowed to any individual who purchases a
14 residence during the taxable year if such residence:

15 (i) Is located within an area that has been declared an extremely
16 blighted area under section 18-2101.02;

17 (ii) Is the individual's primary residence; and

18 (iii) Was not purchased from a family member of the individual or a
19 family member of the individual's spouse.

20 (b) The credit provided in this subsection shall be claimed for the
21 taxable year in which the residence is purchased. If the individual
22 cannot fully utilize the credit for such year, the credit may be carried
23 forward to subsequent taxable years until fully utilized.

24 (c) No more than one credit may be claimed under this subsection
25 with respect to a single residence.

26 (d) The credit provided in this subsection shall be subject to
27 recapture by the Department of Revenue if the individual claiming the
28 credit sells or otherwise transfers the residence or quits using the
29 residence as his or her primary residence within five years after the end
30 of the taxable year in which the credit was claimed.

31 (e) For purposes of this subsection, family member means an

1 individual's spouse, child, parent, brother, sister, grandchild, or
2 grandparent, whether by blood, marriage, or adoption.

3 (8) There shall be allowed to all individuals refundable credits
4 against the income tax imposed by the Nebraska Revenue Act of 1967 as
5 provided in the Cast and Crew Nebraska Act, the Nebraska Biodiesel Tax
6 Credit Act, the Nebraska Higher Blend Tax Credit Act, the Nebraska
7 Property Tax Incentive Act, the Relocation Incentive Act, and the
8 Renewable Chemical Production Tax Credit Act.

9 (9)(a) For taxable years beginning or deemed to begin on or after
10 January 1, 2022, under the Internal Revenue Code of 1986, as amended, a
11 refundable credit against the income tax imposed by the Nebraska Revenue
12 Act of 1967 shall be allowed to the parent of a stillborn child if:

13 (i) A fetal death certificate is filed pursuant to subsection (1) of
14 section 71-606 for such child;

15 (ii) Such child had advanced to at least the twentieth week of
16 gestation; and

17 (iii) Such child would have been a dependent of the individual
18 claiming the credit.

19 (b) The amount of the credit shall be two thousand dollars.

20 (c) The credit shall be allowed for the taxable year in which the
21 stillbirth occurred.

22 (10) There shall be allowed to all individuals refundable credits
23 against the income tax imposed by the Nebraska Revenue Act of 1967 as
24 provided in section 77-7203 and nonrefundable credits against the income
25 tax imposed by the Nebraska Revenue Act of 1967 as provided in section
26 77-7204.

27 (11) There shall be allowed to all individuals refundable credits
28 against the income tax imposed by the Nebraska Revenue Act of 1967 as
29 provided in section 37 of this act and nonrefundable credits against the
30 income tax imposed by the Nebraska Revenue Act of 1967 as provided in
31 sections 36, 38, and 39 of this act.

1 (12) For taxable years beginning or deemed to begin on or after
2 January 1, 2024, under the Internal Revenue Code of 1986, as amended, a
3 refundable credit against the income tax imposed by the Nebraska Revenue
4 Act of 1967 shall be allowed to any individual who rents a house,
5 apartment, or other residential unit in this state during the taxable
6 year for use as such individual's primary residence. The credit shall be
7 equal to the greater of (a) four percent of the total amount of rent paid
8 by the individual during the taxable year or (b) two hundred dollars, but
9 in no case shall the credit exceed one thousand dollars.

10 Sec. 2. Section 77-4212, Revised Statutes Supplement, 2023, as
11 amended by Laws 2024, LB126, section 11, is amended to read:

12 77-4212 (1) For tax year 2007, the amount of relief granted under
13 the Property Tax Credit Act shall be one hundred five million dollars.
14 For tax year 2008, the amount of relief granted under the act shall be
15 one hundred fifteen million dollars. It is the intent of the Legislature
16 to fund the Property Tax Credit Act for tax years after tax year 2008
17 using available revenue. For tax year 2017, the amount of relief granted
18 under the act shall be two hundred twenty-four million dollars. For tax
19 year 2020 through tax year ~~2023~~ 2022, the minimum amount of relief
20 granted under the act shall be two hundred seventy-five million dollars.
21 For tax year 2023, the minimum amount of relief granted under the act
22 shall be three hundred sixty million dollars. For tax year 2024, the
23 minimum amount of relief granted under the act shall be two hundred
24 eighty-two ~~three hundred ninety-five~~ million dollars. For tax year 2025,
25 the minimum amount of relief granted under the act shall be three hundred
26 seventeen ~~four hundred thirty~~ million dollars. For tax year 2026, the
27 minimum amount of relief granted under the act shall be three hundred
28 thirty-two ~~four hundred forty-five~~ million dollars. For tax year 2027,
29 the minimum amount of relief granted under the act shall be three hundred
30 forty-seven ~~four hundred sixty~~ million dollars. For tax year 2028, the
31 minimum amount of relief granted under the act shall be three hundred

1 ~~sixty-two~~ ~~four hundred~~ ~~seventy-five~~ million dollars. For tax year 2029,
2 the minimum amount of relief granted under the act shall be the minimum
3 amount from the prior tax year plus a percentage increase equal to the
4 percentage increase, if any, in the total assessed value of all real
5 property in the state from the prior year to the current year, as
6 determined by the Department of Revenue, plus an additional seventy-five
7 million dollars. For tax year 2030 and each tax year thereafter, the
8 minimum amount of relief granted under the act shall be the minimum
9 amount from the prior tax year plus a percentage increase equal to the
10 percentage increase, if any, in the total assessed value of all real
11 property in the state from the prior year to the current year, as
12 determined by the Department of Revenue. If money is transferred or
13 credited to the Property Tax Credit Cash Fund pursuant to any other state
14 law, such amount shall be added to the ~~minimum~~ amount provided in
15 ~~required under~~ this subsection when determining the total amount of
16 relief granted under the act. The relief shall be in the form of a
17 property tax credit which appears on the property tax statement.

18 (2)(a) For tax years prior to tax year 2017, to determine the amount
19 of the property tax credit, the county treasurer shall multiply the
20 amount disbursed to the county under subdivision (4)(a) of this section
21 by the ratio of the real property valuation of the parcel to the total
22 real property valuation in the county. The amount determined shall be the
23 property tax credit for the property.

24 (b) Beginning with tax year 2017, to determine the amount of the
25 property tax credit, the county treasurer shall multiply the amount
26 disbursed to the county under subdivision (4)(b) of this section by the
27 ratio of the credit allocation valuation of the parcel to the total
28 credit allocation valuation in the county. The amount determined shall be
29 the property tax credit for the property.

30 (3) If the real property owner qualifies for a homestead exemption
31 under sections 77-3501 to 77-3529 and section 3 of this act, the owner

1 shall also be qualified for the relief provided in the act to the extent
2 of any remaining liability after calculation of the relief provided by
3 the homestead exemption. If the credit results in a property tax
4 liability on the homestead that is less than zero, the amount of the
5 credit which cannot be used by the taxpayer shall be returned to the
6 Property Tax Administrator by July 1 of the year the amount disbursed to
7 the county was disbursed. The Property Tax Administrator shall
8 immediately credit any funds returned under this subsection to the
9 Property Tax Credit Cash Fund. Upon the return of any funds under this
10 subsection, the county treasurer shall electronically file a report with
11 the Property Tax Administrator, on a form prescribed by the Tax
12 Commissioner, indicating the amount of funds distributed to each taxing
13 unit in the county in the year the funds were returned, any collection
14 fee retained by the county in such year, and the amount of unused credits
15 returned.

16 (4)(a) For tax years prior to tax year 2017, the amount disbursed to
17 each county shall be equal to the amount available for disbursement
18 determined under subsection (1) of this section multiplied by the ratio
19 of the real property valuation in the county to the real property
20 valuation in the state. By September 15, the Property Tax Administrator
21 shall determine the amount to be disbursed under this subdivision to each
22 county and certify such amounts to the State Treasurer and to each
23 county. The disbursements to the counties shall occur in two equal
24 payments, the first on or before January 31 and the second on or before
25 April 1. After retaining one percent of the receipts for costs, the
26 county treasurer shall allocate the remaining receipts to each taxing
27 unit levying taxes on taxable property in the tax district in which the
28 real property is located in the same proportion that the levy of such
29 taxing unit bears to the total levy on taxable property of all the taxing
30 units in the tax district in which the real property is located.

31 (b) Beginning with tax year 2017, the amount disbursed to each

1 county shall be equal to the amount available for disbursement determined
2 under subsection (1) of this section multiplied by the ratio of the
3 credit allocation valuation in the county to the credit allocation
4 valuation in the state. By September 15, the Property Tax Administrator
5 shall determine the amount to be disbursed under this subdivision to each
6 county and certify such amounts to the State Treasurer and to each
7 county. The disbursements to the counties shall occur in two equal
8 payments, the first on or before January 31 and the second on or before
9 April 1. After retaining one percent of the receipts for costs, the
10 county treasurer shall allocate the remaining receipts to each taxing
11 unit based on its share of the credits granted to all taxpayers in the
12 taxing unit.

13 (5) For purposes of this section, credit allocation valuation means
14 the taxable value for all real property except agricultural land and
15 horticultural land, one hundred twenty percent of taxable value for
16 agricultural land and horticultural land that is not subject to special
17 valuation, and one hundred twenty percent of taxable value for
18 agricultural land and horticultural land that is subject to special
19 valuation.

20 (6) The State Treasurer shall transfer from the General Fund to the
21 Property Tax Credit Cash Fund one hundred five million dollars by August
22 1, 2007, and one hundred fifteen million dollars by August 1, 2008.

23 (7) The Legislature shall have the power to transfer funds from the
24 Property Tax Credit Cash Fund to the General Fund.

25 Sec. 3. Original section 77-2715.07, Revised Statutes Supplement,
26 2023, as amended by Laws 2024, LB937, section 74, Laws 2024, LB1023,
27 section 9, Laws 2024, LB1344, section 9, and Laws 2024, LB1402, section
28 2; and section 77-4212, Revised Statutes Supplement, 2023, as amended by
29 Laws 2024, LB126, section 11, are repealed.