

LEGISLATURE OF NEBRASKA  
ONE HUNDRED EIGHTH LEGISLATURE  
FIRST SPECIAL SESSION

**LEGISLATIVE BILL 36**

Introduced by Blood, 3.

Read first time July 29, 2024

Committee: Revenue

1 A BILL FOR AN ACT relating to revenue and taxation; to amend section  
2 77-2701, Revised Statutes Supplement, 2023, as amended by Laws 2024,  
3 LB937, section 67, Laws 2024, LB1023, section 8, and Laws 2024,  
4 LB1317, section 80; section 77-2701.04, Revised Statutes Supplement,  
5 2023, as amended by Laws 2024, LB937, section 68, and Laws 2024,  
6 LB1317, section 82; and section 77-2715.07, Revised Statutes  
7 Supplement, 2023, as amended by Laws 2024, LB937, section 74, Laws  
8 2024, LB1023, section 9, Laws 2024, LB1344, section 9, and Laws  
9 2024, LB1402, section 2; to define a term; to provide a real estate  
10 transfer tax on mansions and an income tax credit for payment of the  
11 real estate transfer tax; to harmonize provisions; to provide an  
12 operative date; and to repeal the original sections.  
13 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 77-2701, Revised Statutes Supplement, 2023, as  
2 amended by Laws 2024, LB937, section 67, Laws 2024, LB1023, section 8,  
3 and Laws 2024, LB1317, section 80, is amended to read:

4 77-2701 Sections 77-2701 to 77-27,135.01, 77-27,222, 77-27,235,  
5 77-27,236, and 77-27,238 to 77-27,241, section 71 of this act, section 11  
6 of this act, ~~and~~ section 84 of this act, and sections 3 and 4 of this act  
7 shall be known and may be cited as the Nebraska Revenue Act of 1967.

8 Sec. 2. Section 77-2701.04, Revised Statutes Supplement, 2023, as  
9 amended by Laws 2024, LB937, section 68, and Laws 2024, LB1317, section  
10 82, is amended to read:

11 77-2701.04 For purposes of sections 77-2701.04 to 77-2713 and  
12 77-27,239, section 71 of this act, ~~and~~ section 84 of this act, and  
13 sections 3 and 4 of this act, unless the context otherwise requires, the  
14 definitions found in sections 77-2701.05 to 77-2701.56 shall be used.

15 Sec. 3. (1) For purposes of this section, mansion means any single-  
16 family residential property with actual value exceeding eight hundred  
17 thousand dollars.

18 (2) A real estate transfer tax is hereby imposed upon the sale or  
19 transfer of any mansion.

20 (3) The real estate transfer tax shall be equal to one and one-  
21 quarter percent of the portion of the actual value of the mansion that  
22 exceeds eight hundred thousand dollars and is equal to or less than two  
23 million five hundred thousand dollars plus two and one-quarter percent of  
24 the portion of the actual value of the mansion that exceeds two million  
25 five hundred thousand dollars.

26 (4) The real estate transfer tax shall be in addition to all other  
27 taxes.

28 (5) The real estate transfer tax shall be paid and collected by the  
29 purchaser or transferee and remitted to and enforced by the Department of  
30 Revenue.

31 (6) All taxes collected by the Department of Revenue under this

1 section shall be remitted to the State Treasurer for credit to the  
2 General Fund.

3 (7) The Department of Revenue may adopt and promulgate rules and  
4 regulations to carry out this section.

5 Sec. 4. For taxable years beginning or deemed to begin on or after  
6 January 1, 2025, a purchaser or transferee of a mansion as defined in  
7 section 3 of this act shall be allowed a one-time refundable credit  
8 against the income tax imposed by the Nebraska Revenue Act of 1967 if the  
9 purchaser or transferee resides in Nebraska for the three taxable years  
10 subsequent to the taxable year the sale or transfer of the mansion  
11 occurred. The credit shall be in an amount equal to the real estate  
12 transfer tax paid for the sale or transfer of the mansion.

13 Sec. 5. Section 77-2715.07, Revised Statutes Supplement, 2023, as  
14 amended by Laws 2024, LB937, section 74, Laws 2024, LB1023, section 9,  
15 Laws 2024, LB1344, section 9, and Laws 2024, LB1402, section 2, is  
16 amended to read:

17 77-2715.07 (1) There shall be allowed to qualified resident  
18 individuals as a nonrefundable credit against the income tax imposed by  
19 the Nebraska Revenue Act of 1967:

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

22 (b) A credit for taxes paid to another state as provided in section  
23 77-2730.

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

26 (a) For returns filed reporting federal adjusted gross incomes of  
27 greater than twenty-nine thousand dollars, a nonrefundable credit equal  
28 to twenty-five percent of the federal credit allowed under section 21 of  
29 the Internal Revenue Code of 1986, as amended, except that for taxable  
30 years beginning or deemed to begin on or after January 1, 2015, such  
31 nonrefundable credit shall be allowed only if the individual would have

1 received the federal credit allowed under section 21 of the code after  
2 adding back in any carryforward of a net operating loss that was deducted  
3 pursuant to such section in determining eligibility for the federal  
4 credit;

5 (b) For returns filed reporting federal adjusted gross income of  
6 twenty-nine thousand dollars or less, a refundable credit equal to a  
7 percentage of the federal credit allowable under section 21 of the  
8 Internal Revenue Code of 1986, as amended, whether or not the federal  
9 credit was limited by the federal tax liability. The percentage of the  
10 federal credit shall be one hundred percent for incomes not greater than  
11 twenty-two thousand dollars, and the percentage shall be reduced by ten  
12 percent for each one thousand dollars, or fraction thereof, by which the  
13 reported federal adjusted gross income exceeds twenty-two thousand  
14 dollars, except that for taxable years beginning or deemed to begin on or  
15 after January 1, 2015, such refundable credit shall be allowed only if  
16 the individual would have received the federal credit allowed under  
17 section 21 of the code after adding back in any carryforward of a net  
18 operating loss that was deducted pursuant to such section in determining  
19 eligibility for the federal credit;

20 (c) A refundable credit as provided in section 77-5209.01 for  
21 individuals who qualify for an income tax credit as a qualified beginning  
22 farmer or livestock producer under the Beginning Farmer Tax Credit Act  
23 for all taxable years beginning or deemed to begin on or after January 1,  
24 2006, under the Internal Revenue Code of 1986, as amended;

25 (d) A refundable credit for individuals who qualify for an income  
26 tax credit under the Angel Investment Tax Credit Act, the Nebraska  
27 Advantage Microenterprise Tax Credit Act, the Nebraska Advantage Research  
28 and Development Act, the Reverse Osmosis System Tax Credit Act, or the  
29 Volunteer Emergency Responders Incentive Act; and

30 (e) A refundable credit equal to ten percent of the federal credit  
31 allowed under section 32 of the Internal Revenue Code of 1986, as

1 amended, except that for taxable years beginning or deemed to begin on or  
2 after January 1, 2015, such refundable credit shall be allowed only if  
3 the individual would have received the federal credit allowed under  
4 section 32 of the code after adding back in any carryforward of a net  
5 operating loss that was deducted pursuant to such section in determining  
6 eligibility for the federal credit.

7 (3) There shall be allowed to all individuals as a nonrefundable  
8 credit against the income tax imposed by the Nebraska Revenue Act of  
9 1967:

10 (a) A credit for personal exemptions allowed under section  
11 77-2716.01;

12 (b) A credit for contributions to programs or projects certified for  
13 tax credit status as provided in the Creating High Impact Economic  
14 Futures Act. Each partner, each shareholder of an electing subchapter S  
15 corporation, each beneficiary of an estate or trust, or each member of a  
16 limited liability company shall report his or her share of the credit in  
17 the same manner and proportion as he or she reports the partnership,  
18 subchapter S corporation, estate, trust, or limited liability company  
19 income;

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

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

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

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

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

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

31 (i) A credit as provided in the Sustainable Aviation Fuel Tax Credit

1 Act;

2 (j) A credit as provided in the Nebraska Shortline Rail  
3 Modernization Act;

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

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

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

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

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

13 (c) A refundable credit for individuals who qualify for an income  
14 tax credit as an owner of agricultural assets under the Beginning Farmer  
15 Tax Credit Act for all taxable years beginning or deemed to begin on or  
16 after January 1, 2009, under the Internal Revenue Code of 1986, as  
17 amended. The credit allowed for each partner, shareholder, member, or  
18 beneficiary of a partnership, corporation, limited liability company, or  
19 estate or trust qualifying for an income tax credit as an owner of  
20 agricultural assets under the Beginning Farmer Tax Credit Act shall be  
21 equal to the partner's, shareholder's, member's, or beneficiary's portion  
22 of the amount of tax credit distributed pursuant to subsection (6) of  
23 section 77-5211.

24 (5)(a) For all taxable years beginning on or after January 1, 2007,  
25 and before January 1, 2009, under the Internal Revenue Code of 1986, as  
26 amended, there shall be allowed to each partner, shareholder, member, or  
27 beneficiary of a partnership, subchapter S corporation, limited liability  
28 company, or estate or trust a nonrefundable credit against the income tax  
29 imposed by the Nebraska Revenue Act of 1967 equal to fifty percent of the  
30 partner's, shareholder's, member's, or beneficiary's portion of the  
31 amount of franchise tax paid to the state under sections 77-3801 to

1 77-3807 by a financial institution.

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

10 (c) Each partner, shareholder, member, or beneficiary shall report  
11 his or her share of the credit in the same manner and proportion as he or  
12 she reports the partnership, subchapter S corporation, limited liability  
13 company, or estate or trust income. If any partner, shareholder, member,  
14 or beneficiary cannot fully utilize the credit for that year, the credit  
15 may not be carried forward or back.

16 (6) There shall be allowed to all individuals nonrefundable credits  
17 against the income tax imposed by the Nebraska Revenue Act of 1967 as  
18 provided in section 77-3604 and refundable credits against the income tax  
19 imposed by the Nebraska Revenue Act of 1967 as provided in section  
20 77-3605.

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

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

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

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

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

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

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

12 (e) For purposes of this subsection, family member means an  
13 individual's spouse, child, parent, brother, sister, grandchild, or  
14 grandparent, whether by blood, marriage, or adoption.

15 (8) There shall be allowed to all individuals refundable credits  
16 against the income tax imposed by the Nebraska Revenue Act of 1967 as  
17 provided in the Cast and Crew Nebraska Act, the Nebraska Biodiesel Tax  
18 Credit Act, the Nebraska Higher Blend Tax Credit Act, the Nebraska  
19 Property Tax Incentive Act, the Relocation Incentive Act, and the  
20 Renewable Chemical Production Tax Credit Act.

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

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

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

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

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

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

3 (10) 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 section 77-7203 and nonrefundable credits against the income  
6 tax imposed by the Nebraska Revenue Act of 1967 as provided in section  
7 77-7204.

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

13 (12) There shall be allowed to all individuals refundable credits  
14 against the income tax imposed by the Nebraska Revenue Act of 1967 as  
15 provided in section 4 of this act.

16 Sec. 6. This act becomes operative on January 1, 2025.

17 Sec. 7. Original section 77-2701, Revised Statutes Supplement,  
18 2023, as amended by Laws 2024, LB937, section 67, Laws 2024, LB1023,  
19 section 8, and Laws 2024, LB1317, section 80; section 77-2701.04, Revised  
20 Statutes Supplement, 2023, as amended by Laws 2024, LB937, section 68,  
21 and Laws 2024, LB1317, section 82; and section 77-2715.07, Revised  
22 Statutes Supplement, 2023, as amended by Laws 2024, LB937, section 74,  
23 Laws 2024, LB1023, section 9, Laws 2024, LB1344, section 9, and Laws  
24 2024, LB1402, section 2, are repealed.