

LEGISLATURE OF NEBRASKA  
ONE HUNDRED EIGHTH LEGISLATURE  
FIRST SPECIAL SESSION

**LEGISLATIVE BILL 44**

Introduced by Bostar, 29.

Read first time July 29, 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; to change the  
5 earned income tax credit as prescribed; and to repeal the original  
6 section.  
7 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)(i) ~~(e)~~ A refundable credit equal to:

19 (A) ~~Ten~~ ten percent of the federal credit allowed under section 32  
20 of the Internal Revenue Code of 1986, as amended, for taxable years  
21 beginning or deemed to begin prior to January 1, 2025; and

22 (B) Twenty percent of the federal credit allowed under section 32 of  
23 the Internal Revenue Code of 1986, as amended, for taxable years  
24 beginning or deemed to begin on or after January 1, 2025.

25 (ii) ~~For except that for~~ taxable years beginning or deemed to begin  
26 on or after January 1, 2015, the such refundable credit provided in  
27 subdivision (2)(e)(i) of this section shall be allowed only if the  
28 individual would have received the federal credit allowed under section  
29 32 of the code after adding back in any carryforward of a net operating  
30 loss that was deducted pursuant to such section in determining  
31 eligibility for the federal credit.

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

4 (a) A credit for personal exemptions allowed under section  
5 77-2716.01;

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

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

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

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

20 (f) A credit to employers as provided in sections 77-27,238 and  
21 77-27,240;

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

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

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

27 (j) A credit as provided in the Nebraska Shortline Rail  
28 Modernization Act;

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

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

31 (4) There shall be allowed as a credit against the income tax

1 imposed by the Nebraska Revenue Act of 1967:

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

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

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

18 (5)(a) For all taxable years beginning on or after January 1, 2007,  
19 and before January 1, 2009, under the Internal Revenue Code of 1986, as  
20 amended, there shall be allowed to each partner, shareholder, member, or  
21 beneficiary of a partnership, subchapter S corporation, limited liability  
22 company, or estate or trust a nonrefundable credit against the income tax  
23 imposed by the Nebraska Revenue Act of 1967 equal to fifty percent of the  
24 partner's, shareholder's, member's, or beneficiary's portion of the  
25 amount of franchise tax paid to the state under sections 77-3801 to  
26 77-3807 by a financial institution.

27 (b) For all taxable years beginning on or after January 1, 2009,  
28 under the Internal Revenue Code of 1986, as amended, there shall be  
29 allowed to each partner, shareholder, member, or beneficiary of a  
30 partnership, subchapter S corporation, limited liability company, or  
31 estate or trust a nonrefundable credit against the income tax imposed by

1 the Nebraska Revenue Act of 1967 equal to the partner's, shareholder's,  
2 member's, or beneficiary's portion of the amount of franchise tax paid to  
3 the state under sections 77-3801 to 77-3807 by a financial institution.

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

10 (6) There shall be allowed to all individuals nonrefundable credits  
11 against the income tax imposed by the Nebraska Revenue Act of 1967 as  
12 provided in section 77-3604 and refundable credits against the income tax  
13 imposed by the Nebraska Revenue Act of 1967 as provided in section  
14 77-3605.

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

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

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

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

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

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

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

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

9 (8) There shall be allowed to all individuals refundable credits  
10 against the income tax imposed by the Nebraska Revenue Act of 1967 as  
11 provided in the Cast and Crew Nebraska Act, the Nebraska Biodiesel Tax  
12 Credit Act, the Nebraska Higher Blend Tax Credit Act, the Nebraska  
13 Property Tax Incentive Act, the Relocation Incentive Act, and the  
14 Renewable Chemical Production Tax Credit Act.

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

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

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

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

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

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

28 (10) There shall be allowed to all individuals refundable credits  
29 against the income tax imposed by the Nebraska Revenue Act of 1967 as  
30 provided in section 77-7203 and nonrefundable credits against the income  
31 tax imposed by the Nebraska Revenue Act of 1967 as provided in section

1 77-7204.

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

7 Sec. 2. Original section 77-2715.07, Revised Statutes Supplement,  
8 2023, as amended by Laws 2024, LB937, section 74, Laws 2024, LB1023,  
9 section 9, Laws 2024, LB1344, section 9, and Laws 2024, LB1402, section  
10 2, is repealed.