

LEGISLATURE OF NEBRASKA
ONE HUNDRED NINTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 107

Introduced by Cavanaugh, M., 6.

Read first time January 10, 2025

Committee: Revenue

- 1 A BILL FOR AN ACT relating to revenue and taxation; to amend sections
- 2 77-2715.07 and 77-4212, Revised Statutes Cumulative Supplement,
- 3 2024; to provide an income tax credit for renters as prescribed; to
- 4 change provisions relating to a property tax credit; and to repeal
- 5 the original sections.
- 6 Be it enacted by the people of the State of Nebraska,

1 **Section 1.** Section 77-2715.07, Revised Statutes Cumulative
2 Supplement, 2024, is amended to read:

3 77-2715.07 (1) There shall be allowed to qualified resident
4 individuals as a nonrefundable credit against the income tax imposed by
5 the Nebraska Revenue Act of 1967:

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

8 (b) A credit for taxes paid to another state as provided in section
9 77-2730.

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

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

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

1 after January 1, 2015, such refundable credit shall be allowed only if
2 the individual would have received the federal credit allowed under
3 section 21 of the code after adding back in any carryforward of a net
4 operating loss that was deducted pursuant to such section in determining
5 eligibility for the federal credit;

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

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

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

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

27 (a) A credit for personal exemptions allowed under section
28 77-2716.01;

29 (b) A credit for contributions to programs or projects certified for
30 tax credit status as provided in the Creating High Impact Economic
31 Futures Act. Each partner, each shareholder of an electing subchapter S

1 corporation, each beneficiary of an estate or trust, or each member of a
2 limited liability company shall report his or her share of the credit in
3 the same manner and proportion as he or she reports the partnership,
4 subchapter S corporation, estate, trust, or limited liability company
5 income;

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

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

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

12 (f) A credit to employers as provided in sections 77-27,238 and
13 77-27,240;

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

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

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

19 (j) A credit as provided in the Nebraska Shortline Rail
20 Modernization Act;

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

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

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

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

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

30 (c) A refundable credit for individuals who qualify for an income
31 tax credit as an owner of agricultural assets under the Beginning Farmer

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

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

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

27 (c) Each partner, shareholder, member, or beneficiary shall report
28 his or her share of the credit in the same manner and proportion as he or
29 she reports the partnership, subchapter S corporation, limited liability
30 company, or estate or trust income. If any partner, shareholder, member,
31 or beneficiary cannot fully utilize the credit for that year, the credit

1 may not be carried forward or back.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

25 (11) There shall be allowed to all individuals refundable credits
26 against the income tax imposed by the Nebraska Revenue Act of 1967 as
27 provided in section 77-3157 and nonrefundable credits against the income
28 tax imposed by the Nebraska Revenue Act of 1967 as provided in sections
29 77-3156, 77-3158, and 77-3159.

30 (12) For taxable years beginning or deemed to begin on or after
31 January 1, 2025, under the Internal Revenue Code of 1986, as amended, a

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

8 **Sec. 2.** Section 77-4212, Revised Statutes Cumulative Supplement,
9 2024, is amended to read:

10 77-4212 (1) For tax year 2007, the amount of relief granted under
11 the Property Tax Credit Act shall be one hundred five million dollars.
12 For tax year 2008, the amount of relief granted under the act shall be
13 one hundred fifteen million dollars. It is the intent of the Legislature
14 to fund the Property Tax Credit Act for tax years after tax year 2008
15 using available revenue. For tax year 2017, the amount of relief granted
16 under the act shall be two hundred twenty-four million dollars. For tax
17 year 2020 through tax year 2022, the minimum amount of relief granted
18 under the act shall be two hundred seventy-five million dollars. For tax
19 year 2023, the minimum amount of relief granted under the act shall be
20 three hundred sixty million dollars. For tax year 2024, the minimum
21 amount of relief granted under the act shall be three hundred ninety-five
22 million dollars. For tax year 2025, ~~the minimum amount of relief granted~~
23 ~~under the act shall be four hundred thirty million dollars. For tax year~~
24 ~~2026, the minimum amount of relief granted under the act shall be four~~
25 ~~hundred forty-five million dollars. For tax year 2027, the minimum amount~~
26 ~~of relief granted under the act shall be four hundred sixty million~~
27 ~~dollars. For tax year 2028, the minimum amount of relief granted under~~
28 ~~the act shall be four hundred seventy-five million dollars. For tax year~~
29 ~~2029, the minimum amount of relief granted under the act shall be the~~
30 ~~minimum amount from the prior tax year plus a percentage increase equal~~
31 ~~to the percentage increase, if any, in the total assessed value of all~~

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

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

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

27 (3) If the real property owner qualifies for a homestead exemption
28 under sections 77-3501 to 77-3529, the owner shall also be qualified for
29 the relief provided in the act to the extent of any remaining liability
30 after calculation of the relief provided by the homestead exemption. If
31 the credit results in a property tax liability on the homestead that is

1 less than zero, the amount of the credit which cannot be used by the
2 taxpayer shall be returned to the Property Tax Administrator by July 1 of
3 the year the amount disbursed to the county was disbursed. The Property
4 Tax Administrator shall immediately credit any funds returned under this
5 subsection to the Property Tax Credit Cash Fund. Upon the return of any
6 funds under this subsection, the county treasurer shall electronically
7 file a report with the Property Tax Administrator, on a form prescribed
8 by the Tax Commissioner, indicating the amount of funds distributed to
9 each taxing unit in the county in the year the funds were returned, any
10 collection fee retained by the county in such year, and the amount of
11 unused credits returned.

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

27 (b) Beginning with tax year 2017, the amount disbursed to each
28 county shall be equal to the amount available for disbursement determined
29 under subsection (1) of this section multiplied by the ratio of the
30 credit allocation valuation in the county to the credit allocation
31 valuation in the state. By September 15, the Property Tax Administrator

1 shall determine the amount to be disbursed under this subdivision to each
2 county and certify such amounts to the State Treasurer and to each
3 county. The disbursements to the counties shall occur in two equal
4 payments, the first on or before January 31 and the second on or before
5 April 1. After retaining one percent of the receipts for costs, the
6 county treasurer shall allocate the remaining receipts to each taxing
7 unit based on its share of the credits granted to all taxpayers in the
8 taxing unit.

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

16 (6) The State Treasurer shall transfer from the General Fund to the
17 Property Tax Credit Cash Fund one hundred five million dollars by August
18 1, 2007, and one hundred fifteen million dollars by August 1, 2008.

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

21 **Sec. 3.** Original sections 77-2715.07 and 77-4212, Revised Statutes
22 Cumulative Supplement, 2024, are repealed.