

LEGISLATURE OF NEBRASKA  
ONE HUNDRED NINTH LEGISLATURE  
FIRST SESSION

**LEGISLATIVE BILL 182**

Introduced by Bostar, 29.

Read first time January 13, 2025

Committee: Revenue

1 A BILL FOR AN ACT relating to revenue and taxation; to amend sections  
2 77-2506 and 81-523, Reissue Revised Statutes of Nebraska, and  
3 sections 77-908, 77-2502, 77-2503, 77-2508, 77-3806, 77-7202, and  
4 77-7204, Revised Statutes Cumulative Supplement, 2024; to redefine  
5 and eliminate terms and change provisions relating to the transfer,  
6 sale, and assignment of tax credits under the Affordable Housing Tax  
7 Credit Act; to authorize additional uses of the tax credits granted  
8 under the Child Care Tax Credit Act; to harmonize provisions; and to  
9 repeal the original sections.  
10 Be it enacted by the people of the State of Nebraska,

1           **Section 1.** Section 77-908, Revised Statutes Cumulative Supplement,  
2 2024, is amended to read:

3           77-908 Every insurance company organized under the stock, mutual,  
4 assessment, or reciprocal plan, except fraternal benefit societies, which  
5 is transacting business in this state shall, on or before March 1 of each  
6 year, pay a tax to the director of one percent of the gross amount of  
7 direct writing premiums received by it during the preceding calendar year  
8 for business done in this state, except that (1) for group sickness and  
9 accident insurance the rate of such tax shall be five-tenths of one  
10 percent and (2) for property and casualty insurance, excluding individual  
11 sickness and accident insurance, the rate of such tax shall be one  
12 percent. A captive insurer authorized under the Captive Insurers Act that  
13 is transacting business in this state shall, on or before March 1 of each  
14 year, pay to the director a tax of one-fourth of one percent of the gross  
15 amount of direct writing premiums received by such insurer during the  
16 preceding calendar year for business transacted in the state. The taxable  
17 premiums shall include premiums paid on the lives of persons residing in  
18 this state and premiums paid for risks located in this state whether the  
19 insurance was written in this state or not, including that portion of a  
20 group premium paid which represents the premium for insurance on Nebraska  
21 residents or risks located in Nebraska included within the group when the  
22 number of lives in the group exceeds five hundred. The tax shall also  
23 apply to premiums received by domestic companies for insurance written on  
24 individuals residing outside this state or risks located outside this  
25 state if no comparable tax is paid by the direct writing domestic company  
26 to any other appropriate taxing authority. Companies whose scheme of  
27 operation contemplates the return of a portion of premiums to  
28 policyholders, without such policyholders being claimants under the terms  
29 of their policies, may deduct such return premiums or dividends from  
30 their gross premiums for the purpose of tax calculations. Any such  
31 insurance company shall receive a credit on the tax imposed as provided

1 in the Creating High Impact Economic Futures Act, the Nebraska Job  
2 Creation and Mainstreet Revitalization Act, the New Markets Job Growth  
3 Investment Act, the Nebraska Higher Blend Tax Credit Act, the Relocation  
4 Incentive Act, the Sustainable Aviation Fuel Tax Credit Act, the Nebraska  
5 Shortline Rail Modernization Act, the Child Care Tax Credit Act, and the  
6 Affordable Housing Tax Credit Act.

7 **Sec. 2.** Section 77-2502, Revised Statutes Cumulative Supplement,  
8 2024, is amended to read:

9 77-2502 For purposes of the Affordable Housing Tax Credit Act:

10 (1) Allocation year means the year for which the authority awards  
11 Nebraska affordable housing tax credits pursuant to the act;

12 (2) Authority means the Nebraska Investment Finance Authority;

13 (3) Eligibility statement means a statement authorized and issued by  
14 the authority certifying that a given project is a qualified project that  
15 qualifies for Nebraska affordable housing tax credits;

16 (4) Federal low-income housing tax credit means the federal tax  
17 credit provided in section 42 of the Internal Revenue Code of 1986, as  
18 amended;

19 (5) Nebraska affordable housing tax credit means the nonrefundable  
20 tax credit authorized in section 77-2503;

21 (6) Qualified project means a qualified low-income building or  
22 buildings, as that term is defined in section 42 of the Internal Revenue  
23 Code of 1986, as amended; and

24 ~~(7) Qualified taxpayer means a taxpayer owning an interest, direct~~  
25 ~~or indirect, in a qualified project; and~~

26 (7) ~~(8)~~ Taxpayer means a person, firm, corporation, or other  
27 business entity subject to the income tax imposed by section 77-2715 or  
28 77-2734.02, an insurance company subject to premium and related  
29 retaliatory tax liability imposed by section 44-150, 77-908, or 81-523,  
30 ~~or~~ a financial institution subject to the franchise tax imposed by  
31 sections 77-3801 to 77-3807, or a nonprofit corporation of the type

1 listed in 26 U.S.C. 501(c)(3) or 26 U.S.C. 501(c)(4).

2 **Sec. 3.** Section 77-2503, Revised Statutes Cumulative Supplement,  
3 2024, is amended to read:

4 77-2503 (1) An owner of an affordable housing project seeking a  
5 Nebraska affordable housing tax credit shall file an application with the  
6 authority on a form prescribed by the authority. A ~~qualified~~ taxpayer  
7 shall be allowed a nonrefundable tax credit if the authority determines  
8 that the project for which tax credits are sought is a qualified project.

9 (2) If the requirements of subsection (1) of this section are met,  
10 the authority shall issue an eligibility statement to the owner of such  
11 qualified project stating the amount of Nebraska affordable housing tax  
12 credits allocated to the qualified project. The amount of such tax  
13 credits shall be the amount of federal low-income housing tax credits  
14 available to such project, except as otherwise provided in subsection (4)  
15 of this section. Tax credits for each building in a qualified project  
16 shall be issued for the first six years of the credit period as defined  
17 in 26 U.S.C. 42(f)(1), except that any reduction in the credit allowable  
18 in the first year of the credit period due to the calculation in 26  
19 U.S.C. 42(f)(2) shall be allowable in the seventh year of the credit  
20 period. The authority shall only allocate tax credits to qualified  
21 projects that are placed in service after January 1, 2018.

22 (3) If the owner of the qualified project is (a) a partnership, (b)  
23 a limited liability company, or (c) a corporation having an election in  
24 effect under subchapter S of the Internal Revenue Code of 1986, as  
25 amended, the Nebraska affordable housing tax credit shall be allocated  
26 among some or all of the partners, members, or shareholders of the owner  
27 of the qualified project in any manner agreed to by such persons, but  
28 only if such persons have been admitted as partners or members, or have  
29 acquired their shares, on or prior to February 15 of the year in which  
30 the tax return, or amended return, claiming the tax credit is filed. A  
31 ~~qualified~~ taxpayer may transfer, sell, or assign all or part of his or

1 her ownership interest, including his or her interest in the tax credits  
2 authorized in this section. A taxpayer may transfer, sell, or assign the  
3 tax credits to another taxpayer. For any tax year in which an ownership  
4 ~~such an~~ interest or the tax credits are is transferred, sold, or assigned  
5 pursuant to this subsection, the transferor shall notify the Department  
6 of Revenue of the transfer, sale, or assignment and provide the tax  
7 identification number of the new owner or tax credit purchaser at least  
8 thirty days prior to the new owner or tax credit purchaser claiming the  
9 tax credits. The notification shall be in the manner prescribed by the  
10 department.

11 (4) The maximum amount of Nebraska affordable housing tax credits  
12 awarded to all qualified projects in any given allocation year shall be  
13 no more than one hundred percent of the total amount of federal low-  
14 income housing tax credits awarded by the authority in the same  
15 allocation year. Notwithstanding any other provision of the Affordable  
16 Housing Tax Credit Act, the authority is prohibited from awarding to a  
17 qualified project any combined amount of federal low-income housing tax  
18 credits and Nebraska affordable housing tax credits that is more than  
19 necessary to make the qualified project financially feasible.

20 (5) Any Nebraska affordable housing tax credits granted under this  
21 section may be used to offset any income taxes due under section 77-2715  
22 or 77-2734.02, any premium and related retaliatory taxes due under  
23 section 44-150, 77-908, or 81-523, or any franchise taxes due under  
24 sections 77-3801 to 77-3807.

25 (6) The tax credit shall not be used to reduce the tax liability of  
26 the ~~qualified~~ taxpayer to less than zero. Any tax credit claimed but not  
27 used in a taxable year may be carried forward.

28 **Sec. 4.** Section 77-2506, Reissue Revised Statutes of Nebraska, is  
29 amended to read:

30 77-2506 If a portion of any federal low-income housing tax credits  
31 taken on a qualified project is required to be recaptured or is otherwise

1 disallowed under 26 U.S.C. 42 during the 6-year period described in  
2 subsection (2) of section 77-2503, a portion of the Nebraska affordable  
3 housing tax credits with respect to such project shall also be recaptured  
4 from the ~~qualified~~ taxpayer who claimed such credits. The percentage of  
5 Nebraska affordable housing tax credits subject to recapture under this  
6 section shall be equal to the percentage of federal low-income housing  
7 tax credits subject to recapture or otherwise disallowed during such  
8 period. Any Nebraska affordable housing tax credits recaptured or  
9 disallowed under this section shall increase the tax liability of the  
10 ~~qualified~~ taxpayer who claimed the credits in the year the Department of  
11 Revenue declares the tax credits to be disallowed or recaptured.

12 **Sec. 5.** Section 77-2508, Revised Statutes Cumulative Supplement,  
13 2024, is amended to read:

14 77-2508 (1) The changes made in sections 77-2502, 77-2503, and  
15 77-2505 by Laws 2022, LB800, shall apply to taxable years beginning or  
16 deemed to begin on or after January 1, 2023.

17 (2) The changes made in sections 77-2502, 77-2503, and 77-2506 by  
18 this legislative bill shall apply to conditional reservations of Nebraska  
19 affordable housing tax credits made by the authority on and after July 1,  
20 2026.

21 **Sec. 6.** Section 77-3806, Revised Statutes Cumulative Supplement,  
22 2024, is amended to read:

23 77-3806 (1) The tax return shall be filed and the total amount of  
24 the franchise tax shall be due on the fifteenth day of the third month  
25 after the end of the taxable year. No extension of time to pay the tax  
26 shall be granted. If the Tax Commissioner determines that the amount of  
27 tax can be computed from available information filed by the financial  
28 institutions with either state or federal regulatory agencies, the Tax  
29 Commissioner may, by regulation, waive the requirement for the financial  
30 institutions to file returns.

31 (2) Sections 77-2714 to 77-27,135 relating to deficiencies,

1 penalties, interest, the collection of delinquent amounts, and appeal  
2 procedures for the tax imposed by section 77-2734.02 shall also apply to  
3 the tax imposed by section 77-3802. If the filing of a return is waived  
4 by the Tax Commissioner, the payment of the tax shall be considered the  
5 filing of a return for purposes of sections 77-2714 to 77-27,135.

6 (3) No refund of the tax imposed by section 77-3802 shall be allowed  
7 unless a claim for such refund is filed within ninety days of the date on  
8 which (a) the tax is due or was paid, whichever is later, (b) a change is  
9 made to the amount of deposits or the net financial income of the  
10 financial institution by a state or federal regulatory agency, or (c) the  
11 Nebraska Investment Finance Authority issues an eligibility statement to  
12 the financial institution pursuant to the Affordable Housing Tax Credit  
13 Act.

14 (4) Any such financial institution shall receive a credit on the  
15 franchise tax as provided under the Affordable Housing Tax Credit Act,  
16 the Creating High Impact Economic Futures Act, the Nebraska Higher Blend  
17 Tax Credit Act, the Nebraska Job Creation and Mainstreet Revitalization  
18 Act, the Nebraska Property Tax Incentive Act, the Relocation Incentive  
19 Act, the New Markets Job Growth Investment Act, the Sustainable Aviation  
20 Fuel Tax Credit Act, the Child Care Tax Credit Act, and the Nebraska  
21 Shortline Rail Modernization Act.

22 **Sec. 7.** Section 77-7202, Revised Statutes Cumulative Supplement,  
23 2024, is amended to read:

24 77-7202 For purposes of the Child Care Tax Credit Act:

25 (1) Child means an individual who is five years of age or less;

26 (2) Department means the Department of Revenue;

27 (3) Eligible program means a program that is licensed as a family  
28 child care home I, family child care home II, child care center, or  
29 preschool and operates as a for-profit child care business or is a  
30 nonprofit organization under the Internal Revenue Code of 1986, as  
31 amended;

1 (4) Intermediary means any organization that distributes funds for  
2 the purpose of supporting an eligible program;

3 (5) Parent or legal guardian means an individual who claims a child  
4 as a dependent for federal income tax purposes;

5 (6) Qualifying contribution means a contribution in the form of  
6 cash, check, cash equivalent, agricultural commodity, livestock, or  
7 publicly traded security that is made:

8 (a) For the establishment or operation of an eligible program;

9 (b) For the establishment of a grant or loan program for parents  
10 requiring financial assistance for an eligible program;

11 (c) To an early childhood collaborative or another intermediary to  
12 provide training, technical assistance, or mentorship to child care  
13 providers;

14 (d) For the establishment or ongoing costs of an information  
15 dissemination program that assists parents with information and referral  
16 services for child care;

17 (e) To a for-profit child care business, including family home  
18 providers. The for-profit child care business must use the proceeds of a  
19 qualifying contribution for (i) the acquisition or improvement of child  
20 care facilities, (ii) the acquisition of equipment, (iii) providing  
21 services, or (iv) employee retention; or

22 (f) To an intermediary for the establishment or operation of an  
23 eligible program or for the establishment of a grant or loan program for  
24 parents requiring financial assistance for an eligible program;

25 (7) Taxpayer means any person subject to the income tax imposed by  
26 the Nebraska Revenue Act of 1967, including ~~The term includes~~ resident  
27 and nonresident individuals, estates, trusts, and corporations, an  
28 insurance company subject to premium and related retaliatory tax  
29 liability imposed by section 44-150, 77-908, or 81-523, or a financial  
30 institution subject to the franchise tax imposed by sections 77-3801 to  
31 77-3807; and



1 (8) Total household income means federal modified adjusted gross  
2 income.

3 **Sec. 8.** Section 77-7204, Revised Statutes Cumulative Supplement,  
4 2024, is amended to read:

5 77-7204 (1) For taxable years beginning or deemed to begin on or  
6 after January 1, 2024, under the Internal Revenue Code of 1986, as  
7 amended, any taxpayer who makes a qualifying contribution during the  
8 taxable year shall be eligible to receive a credit that may be used to  
9 offset any income taxes due under ~~against the income tax imposed by the~~  
10 Nebraska Revenue Act of 1967, any premium and related retaliatory taxes  
11 due under section 44-150, 77-908, or 81-523, or any franchise taxes due  
12 under sections 77-3801 to 77-3807.

13 (2) The credit provided in this section shall be a nonrefundable  
14 credit equal to either one hundred percent or seventy-five percent of the  
15 taxpayer's qualifying contribution made during the taxable year, except  
16 that the credit for a taxpayer shall not exceed one hundred thousand  
17 dollars for any single taxable year.

18 (3) The credit shall be equal to one hundred percent of the  
19 qualifying contribution if:

20 (a) The eligible program that receives the contribution has a  
21 physical presence in an opportunity zone in this state designated  
22 pursuant to the federal Tax Cuts and Jobs Act, Public Law 115-97; or

23 (b) The eligible program that receives the contribution has at least  
24 one child enrolled in the child care subsidy program established pursuant  
25 to sections 68-1202 and 68-1206 and the child care provider is actively  
26 caring and billing for the child as verified by the Department of Health  
27 and Human Services. Attracting child care providers into the child care  
28 subsidy program and retaining providers in the program are directly  
29 connected to the administration of the program. Verifying that the child  
30 care provider is actively caring and billing for an eligible child is in  
31 furtherance of the child care subsidy program. The Department of Revenue

1 shall not use any verification information obtained from the Department  
2 of Health and Human Services except for purposes directly connected with  
3 the administration of the Child Care Tax Credit Act.

4 (4) The credit shall be equal to seventy-five percent of the  
5 qualifying contribution if subsection (3) of this section does not apply.

6 (5) A taxpayer shall not be eligible for the credit provided in this  
7 section if the taxpayer claimed a charitable contribution deduction for  
8 the qualifying contribution on the taxpayer's federal income tax return.

9 (6) A taxpayer shall apply for the credit provided in this section  
10 by submitting an application to the department with the following  
11 information:

12 (a) Documentation to show that the contribution is a qualifying  
13 contribution; and

14 (b) Any other documentation required by the department.

15 (7) Subject to subsection (8) of this section, if the department  
16 determines that the taxpayer qualifies for tax credits under this  
17 section, the department shall approve the application and certify the  
18 amount of credits approved to the taxpayer.

19 (8) The department shall consider applications in the order in which  
20 they are received and may approve tax credits under this section each  
21 year until the total amount of credits approved for the year equals two  
22 million five hundred thousand dollars.

23 (9) If a taxpayer's credit under this section exceeds the total tax  
24 due, the taxpayer may carry forward the excess credit for up to five  
25 taxable years after the taxable year in which the credit was first  
26 allowed, but the taxpayer must use the carryover credit in the earliest  
27 taxable year possible.

28 (10) A contribution shall not qualify for a credit under this  
29 section if the contribution is made to a child care provider in which the  
30 taxpayer or a person related to the taxpayer has a financial interest,  
31 unless the contribution is part of a bona fide arm's length transaction.

1           (11) A taxpayer claiming a tax credit under this section against any  
2 premium and related retaliatory taxes due under section 44-150, 77-908,  
3 or 81-523 shall not be required to pay any additional retaliatory tax as  
4 a result of claiming the tax credit. The tax credit may fully offset any  
5 retaliatory tax imposed under Nebraska law. Any tax credit claimed shall  
6 be considered a payment of tax for purposes of subsection (1) of section  
7 77-2734.03.

8           **Sec. 9.** Section 81-523, Reissue Revised Statutes of Nebraska, is  
9 amended to read:

10           81-523 (1) For the purpose of maintaining the office of the State  
11 Fire Marshal and such other fire prevention activities as the Governor  
12 may direct, every foreign and alien insurance company including  
13 nonresident attorneys for subscribers to reciprocal insurance exchanges  
14 shall, on or before March 1, pay a tax to the Director of Insurance of  
15 three-fourths of one percent of the gross direct writing premiums and  
16 assessments received by each of such companies during the preceding  
17 calendar year for fire insurance business done in this state.

18           (2) For the purpose set forth in subsection (1) of this section,  
19 every domestic insurance company including resident attorneys for  
20 subscribers to reciprocal insurance exchanges shall, on or before March  
21 1, pay a tax to the Director of Insurance of three-eighths of one percent  
22 of the gross direct writing premiums and assessments received by each of  
23 such companies during the preceding calendar year for fire insurance  
24 business done in this state.

25           (3) The term fire insurance business, as used in subsections (1),  
26 (2), and (4) of this section, shall include, but not be limited to,  
27 premiums of policies on fire risks on automobiles, whether written under  
28 floater form or otherwise.

29           (4) Return premiums on fire insurance business, subject to the fire  
30 insurance tax, in accordance with subsections (1) and (2) of this  
31 section, may be deducted from the gross direct writing premiums for the

1 purpose of the tax calculations provided for by subsections (1) and (2)  
2 of this section. In the case of mutual companies and assessment  
3 associations, the dividends paid or credited to policyholders or members  
4 in this state shall be construed to be return premiums.

5 (5) Any tax collected pursuant to subsections (1) and (2) of this  
6 section shall be remitted to the State Treasurer for credit to the  
7 General Fund.

8 (6) An insurance company described in this section shall receive a  
9 credit on the tax imposed under this section as provided in the  
10 Affordable Housing Tax Credit Act, the Child Care Tax Credit Act, and the  
11 Relocation Incentive Act.

12 **Sec. 10.** Original sections 77-2506 and 81-523, Reissue Revised  
13 Statutes of Nebraska, and sections 77-908, 77-2502, 77-2503, 77-2508,  
14 77-3806, 77-7202, and 77-7204, Revised Statutes Cumulative Supplement,  
15 2024, are repealed.