

LEGISLATURE OF NEBRASKA
ONE HUNDRED NINTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 81

Introduced by Hardin, 48; Brandt, 32; Conrad, 46.

Read first time January 09, 2025

Committee: Revenue

- 1 A BILL FOR AN ACT relating to the Nebraska Property Tax Incentive Act; to
- 2 amend sections 77-6702 and 77-6703, Revised Statutes Cumulative
- 3 Supplement, 2024; to define a term; to change provisions relating to
- 4 tax credits for school district taxes paid; to harmonize provisions;
- 5 to repeal the original sections; and to declare an emergency.
- 6 Be it enacted by the people of the State of Nebraska,

1 **Section 1.** Section 77-6702, Revised Statutes Cumulative Supplement,
2 2024, is amended to read:

3 77-6702 For purposes of the Nebraska Property Tax Incentive Act:

4 (1) Allowable growth percentage means the percentage increase, if
5 any, in the total assessed value of all real property in the state from
6 the prior year to the current year, as determined by the department;

7 (2) ~~(1)~~ Community college taxes means property taxes levied on real
8 property in this state by a community college area, excluding the
9 following:

10 (a) Any property taxes levied for bonded indebtedness;

11 (b) Any property taxes levied as a result of an override of limits
12 on property tax levies approved by voters pursuant to section 77-3444;
13 and

14 (c) Any property taxes that, as of the time of payment, were
15 delinquent for five years or more;

16 (3) ~~(2)~~ Department means the Department of Revenue;

17 (4) ~~(3)~~ Eligible taxpayer means any individual, corporation,
18 partnership, limited liability company, trust, estate, or other entity
19 that pays school district taxes or community college taxes during a
20 taxable year; and

21 (5) ~~(4)~~ School district taxes means property taxes levied on real
22 property in this state by a school district or multiple-district school
23 system, excluding the following:

24 (a) Any property taxes levied for bonded indebtedness;

25 (b) Any property taxes levied as a result of an override of limits
26 on property tax levies approved by voters pursuant to section 77-3444;
27 and

28 (c) Any property taxes that, as of the time of payment, were
29 delinquent for five years or more.

30 **Sec. 2.** Section 77-6703, Revised Statutes Cumulative Supplement,
31 2024, is amended to read:

1 77-6703 (1) For taxable years beginning or deemed to begin on or
2 after January 1, 2020, and before January 1, 2025 ~~2024~~, under the
3 Internal Revenue Code of 1986, as amended, there shall be allowed to each
4 eligible taxpayer a refundable credit against the income tax imposed by
5 the Nebraska Revenue Act of 1967 or against the franchise tax imposed by
6 sections 77-3801 to 77-3807. The credit shall be equal to the credit
7 percentage for the taxable year, as set by the department under
8 subsection (2) of this section, multiplied by the amount of school
9 district taxes paid by the eligible taxpayer during such taxable year.

10 (2)(a) For taxable years beginning or deemed to begin during
11 calendar year 2022, the department shall set the credit percentage so
12 that the total amount of credits for such taxable years shall be five
13 hundred forty-eight million dollars; ~~and~~

14 (b) For taxable years beginning or deemed to begin during calendar
15 year 2023, the department shall set the credit percentage so that the
16 total amount of credits for such taxable years shall be five hundred
17 sixty million seven hundred thousand dollars; and -

18 (c) For taxable years beginning or deemed to begin during calendar
19 year 2024, the department shall set the credit percentage so that the
20 total amount of credits for such taxable years shall be the maximum
21 amount of credits allowed in the prior year increased by the allowable
22 growth percentage.

23 (3) If the school district taxes are paid by a corporation having an
24 election in effect under subchapter S of the Internal Revenue Code, a
25 partnership, a limited liability company, a trust, or an estate, the
26 amount of school district taxes paid during the taxable year may be
27 allocated to the shareholders, partners, members, or beneficiaries in the
28 same proportion that income is distributed for taxable years beginning or
29 deemed to begin before January 1, 2021, under the Internal Revenue Code
30 of 1986, as amended. The department shall provide forms and schedules
31 necessary for verifying eligibility for the credit provided in this

1 section and for allocating the school district taxes paid. For taxable
2 years beginning or deemed to begin on or after January 1, 2021, and
3 before January 1, ~~2025~~ 2024, under the Internal Revenue Code of 1986, as
4 amended, the refundable credit shall be claimed by the corporation having
5 an election in effect under subchapter S of the Internal Revenue Code,
6 the partnership, the limited liability company, the trust, or the estate
7 that paid the school district taxes.

8 (4) For any fiscal year or short year taxpayer, the credit may be
9 claimed in the first taxable year that begins following the calendar year
10 for which the credit percentage was determined. The credit shall be taken
11 for the school district taxes paid by the taxpayer during the immediately
12 preceding calendar year.

13 (5) For the first taxable year beginning or deemed to begin on or
14 after January 1, 2021, and before January 1, 2022, under the Internal
15 Revenue Code of 1986, as amended, for a corporation having an election in
16 effect under subchapter S of the Internal Revenue Code, a partnership, a
17 limited liability company, a trust, or an estate that paid school
18 district taxes in calendar year 2020 but did not claim the credit
19 directly or allocate such school district taxes to the shareholders,
20 partners, members, or beneficiaries as permitted under subsection (3) of
21 this section, there shall be allowed an additional refundable credit.
22 This credit shall be equal to six percent, multiplied by the amount of
23 school district taxes paid during 2020 by the eligible taxpayer.

24 **Sec. 3.** Original sections 77-6702 and 77-6703, Revised Statutes
25 Cumulative Supplement, 2024, are repealed.

26 **Sec. 4.** Since an emergency exists, this act takes effect when
27 passed and approved according to law.