

LEGISLATURE OF NEBRASKA  
ONE HUNDRED EIGHTH LEGISLATURE  
FIRST SESSION

**LEGISLATIVE BILL 747**

Introduced by Cavanaugh, M., 6.

Read first time January 18, 2023

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 2022; 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, 2022, 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, or the Volunteer Emergency Responders Incentive Act;  
15 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 certified community betterment  
30 programs as provided in the Community Development Assistance Act. Each  
31 partner, each shareholder of an electing subchapter S corporation, each

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

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

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

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

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

13 (g) A credit as provided in the Affordable Housing Tax Credit Act.

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

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

18 (b) A credit to all estates and trusts for contributions to  
19 certified community betterment programs as provided in the Community  
20 Development Assistance Act; and

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

1           (5)(a) For all taxable years beginning on or after January 1, 2007,  
2 and before January 1, 2009, under the Internal Revenue Code of 1986, as  
3 amended, there shall be allowed to each partner, shareholder, member, or  
4 beneficiary of a partnership, subchapter S corporation, limited liability  
5 company, or estate or trust a nonrefundable credit against the income tax  
6 imposed by the Nebraska Revenue Act of 1967 equal to fifty percent of the  
7 partner's, shareholder's, member's, or beneficiary's portion of the  
8 amount of franchise tax paid to the state under sections 77-3801 to  
9 77-3807 by a financial institution.

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

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

24           (6) There shall be allowed to all individuals nonrefundable credits  
25 against the income tax imposed by the Nebraska Revenue Act of 1967 as  
26 provided in section 77-3604 and refundable credits against the income tax  
27 imposed by the Nebraska Revenue Act of 1967 as provided in section  
28 77-3605.

29           (7)(a) For taxable years beginning or deemed to begin on or after  
30 January 1, 2020, and before January 1, 2026, under the Internal Revenue  
31 Code of 1986, as amended, a nonrefundable credit against the income tax

1 imposed by the Nebraska Revenue Act of 1967 in the amount of five  
2 thousand dollars shall be allowed to any individual who purchases a  
3 residence during the taxable year if such residence:

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

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

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

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

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

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

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

23 (8) There shall be allowed to all individuals refundable credits  
24 against the income tax imposed by the Nebraska Revenue Act of 1967 as  
25 provided in the Nebraska Higher Blend Tax Credit Act, the Nebraska  
26 Property Tax Incentive Act, and the Renewable Chemical Production Tax  
27 Credit Act.

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

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

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

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

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

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

10 (10) For taxable years beginning or deemed to begin on or after  
11 January 1, 2023, under the Internal Revenue Code of 1986, as amended, a  
12 refundable credit against the income tax imposed by the Nebraska Revenue  
13 Act of 1967 shall be allowed to any individual who rents a house,  
14 apartment, or other residential unit in this state during the taxable  
15 year for use as such individual's primary residence. The credit shall be  
16 equal to the greater of (a) four percent of the total amount of rent paid  
17 by the individual during the taxable year or (b) two hundred dollars, but  
18 in no case shall the credit exceed one thousand dollars.

19 Sec. 2. Section 77-4212, Revised Statutes Cumulative Supplement,  
20 2022, is amended to read:

21 77-4212 (1) For tax year 2007, the amount of relief granted under  
22 the Property Tax Credit Act shall be one hundred five million dollars.  
23 For tax year 2008, the amount of relief granted under the act shall be  
24 one hundred fifteen million dollars. It is the intent of the Legislature  
25 to fund the Property Tax Credit Act for tax years after tax year 2008  
26 using available revenue. For tax year 2017, the amount of relief granted  
27 under the act shall be two hundred twenty-four million dollars. For tax  
28 years year 2020 through 2022 and each tax year thereafter, the minimum  
29 amount of relief granted under the act shall be two hundred seventy-five  
30 million dollars. For tax year 2023 and each tax year thereafter, the  
31 amount of relief granted under the act shall be two hundred million

1 dollars. If money is transferred or credited to the Property Tax Credit  
2 Cash Fund pursuant to any other state law, such amount shall be added to  
3 the ~~minimum~~ amount provided in ~~required under~~ this subsection when  
4 determining the total amount of relief granted under the act. The relief  
5 shall be in the form of a property tax credit which appears on the  
6 property tax statement.

7 (2)(a) For tax years prior to tax year 2017, to determine the amount  
8 of the property tax credit, the county treasurer shall multiply the  
9 amount disbursed to the county under subdivision (4)(a) of this section  
10 by the ratio of the real property valuation of the parcel to the total  
11 real property valuation in the county. The amount determined shall be the  
12 property tax credit for the property.

13 (b) Beginning with tax year 2017, to determine the amount of the  
14 property tax credit, the county treasurer shall multiply the amount  
15 disbursed to the county under subdivision (4)(b) of this section by the  
16 ratio of the credit allocation valuation of the parcel to the total  
17 credit allocation valuation in the county. The amount determined shall be  
18 the property tax credit for the property.

19 (3) If the real property owner qualifies for a homestead exemption  
20 under sections 77-3501 to 77-3529, the owner shall also be qualified for  
21 the relief provided in the act to the extent of any remaining liability  
22 after calculation of the relief provided by the homestead exemption. If  
23 the credit results in a property tax liability on the homestead that is  
24 less than zero, the amount of the credit which cannot be used by the  
25 taxpayer shall be returned to the Property Tax Administrator by July 1 of  
26 the year the amount disbursed to the county was disbursed. The Property  
27 Tax Administrator shall immediately credit any funds returned under this  
28 subsection to the Property Tax Credit Cash Fund. Upon the return of any  
29 funds under this subsection, the county treasurer shall electronically  
30 file a report with the Property Tax Administrator, on a form prescribed  
31 by the Tax Commissioner, indicating the amount of funds distributed to

1 each taxing unit in the county in the year the funds were returned, any  
2 collection fee retained by the county in such year, and the amount of  
3 unused credits returned.

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

19 (b) Beginning with tax year 2017, the amount disbursed to each  
20 county shall be equal to the amount available for disbursement determined  
21 under subsection (1) of this section multiplied by the ratio of the  
22 credit allocation valuation in the county to the credit allocation  
23 valuation in the state. By September 15, the Property Tax Administrator  
24 shall determine the amount to be disbursed under this subdivision to each  
25 county and certify such amounts to the State Treasurer and to each  
26 county. The disbursements to the counties shall occur in two equal  
27 payments, the first on or before January 31 and the second on or before  
28 April 1. After retaining one percent of the receipts for costs, the  
29 county treasurer shall allocate the remaining receipts to each taxing  
30 unit based on its share of the credits granted to all taxpayers in the  
31 taxing unit.

1           (5) For purposes of this section, credit allocation valuation means  
2 the taxable value for all real property except agricultural land and  
3 horticultural land, one hundred twenty percent of taxable value for  
4 agricultural land and horticultural land that is not subject to special  
5 valuation, and one hundred twenty percent of taxable value for  
6 agricultural land and horticultural land that is subject to special  
7 valuation.

8           (6) The State Treasurer shall transfer from the General Fund to the  
9 Property Tax Credit Cash Fund one hundred five million dollars by August  
10 1, 2007, and one hundred fifteen million dollars by August 1, 2008.

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

13           Sec. 3. Original sections 77-2715.07 and 77-4212, Revised Statutes  
14 Cumulative Supplement, 2022, are repealed.