

LEGISLATURE OF NEBRASKA  
ONE HUNDRED EIGHTH LEGISLATURE  
FIRST SPECIAL SESSION

**LEGISLATIVE BILL 20**

Introduced by McKinney, 11; Cavanaugh, M., 6; Dungan, 26.

Read first time July 25, 2024

Committee:

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; and section  
5 77-4212, Revised Statutes Supplement, 2023, as amended by Laws 2024,  
6 LB126, section 11; to provide an income tax credit for renters as  
7 prescribed; to change provisions relating to a property tax credit;  
8 and to repeal the original sections.  
9 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) A refundable credit equal to ten percent of the federal credit  
19 allowed under section 32 of the Internal Revenue Code of 1986, as  
20 amended, except that for taxable years beginning or deemed to begin on or  
21 after January 1, 2015, such refundable credit shall be allowed only if  
22 the individual would have received the federal credit allowed under  
23 section 32 of the code after adding back in any carryforward of a net  
24 operating loss that was deducted pursuant to such section in determining  
25 eligibility for the federal credit.

26 (3) There shall be allowed to all individuals as a nonrefundable  
27 credit against the income tax imposed by the Nebraska Revenue Act of  
28 1967:

29 (a) A credit for personal exemptions allowed under section  
30 77-2716.01;

31 (b) A credit for contributions to programs or projects certified for

1 tax credit status as provided in the Creating High Impact Economic  
2 Futures Act. Each partner, each shareholder of an electing subchapter S  
3 corporation, each beneficiary of an estate or trust, or each member of a  
4 limited liability company shall report his or her share of the credit in  
5 the same manner and proportion as he or she reports the partnership,  
6 subchapter S corporation, estate, trust, or limited liability company  
7 income;

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

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

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

14 (f) A credit to employers as provided in sections 77-27,238 and  
15 77-27,240;

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

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

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

21 (j) A credit as provided in the Nebraska Shortline Rail  
22 Modernization Act;

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

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

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

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

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

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

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

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

29 (c) Each partner, shareholder, member, or beneficiary shall report  
30 his or her share of the credit in the same manner and proportion as he or  
31 she reports the partnership, subchapter S corporation, limited liability

1 company, or estate or trust income. If any partner, shareholder, member,  
2 or beneficiary cannot fully utilize the credit for that year, the credit  
3 may not be carried forward or back.

4 (6) There shall be allowed to all individuals nonrefundable credits  
5 against the income tax imposed by the Nebraska Revenue Act of 1967 as  
6 provided in section 77-3604 and refundable credits against the income tax  
7 imposed by the Nebraska Revenue Act of 1967 as provided in section  
8 77-3605.

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

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

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

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

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

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

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

31 (e) For purposes of this subsection, family member means an

1 individual's spouse, child, parent, brother, sister, grandchild, or  
2 grandparent, whether by blood, marriage, or adoption.

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

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

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

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

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

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

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

22 (10) There shall be allowed to all individuals refundable credits  
23 against the income tax imposed by the Nebraska Revenue Act of 1967 as  
24 provided in section 77-7203 and nonrefundable credits against the income  
25 tax imposed by the Nebraska Revenue Act of 1967 as provided in section  
26 77-7204.

27 (11) There shall be allowed to all individuals refundable credits  
28 against the income tax imposed by the Nebraska Revenue Act of 1967 as  
29 provided in section 37 of this act and nonrefundable credits against the  
30 income tax imposed by the Nebraska Revenue Act of 1967 as provided in  
31 sections 36, 38, and 39 of this act.

1        (12) For taxable years beginning or deemed to begin on or after  
2 January 1, 2024, under the Internal Revenue Code of 1986, as amended, a  
3 refundable credit against the income tax imposed by the Nebraska Revenue  
4 Act of 1967 shall be allowed to any individual who rents a house,  
5 apartment, or other residential unit in this state during the taxable  
6 year for use as such individual's primary residence. The credit shall be  
7 equal to the greater of (a) four percent of the total amount of rent paid  
8 by the individual during the taxable year or (b) two hundred dollars, but  
9 in no case shall the credit exceed one thousand dollars.

10        Sec. 2. Section 77-4212, Revised Statutes Supplement, 2023, as  
11 amended by Laws 2024, LB126, section 11, is amended to read:

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



1 ~~sixty-two four hundred seventy-five~~ million dollars. For tax year 2029,  
2 the minimum amount of relief granted under the act shall be the minimum  
3 amount from the prior tax year plus a percentage increase equal to the  
4 percentage increase, if any, in the total assessed value of all real  
5 property in the state from the prior year to the current year, as  
6 determined by the Department of Revenue, plus an additional seventy-five  
7 million dollars. For tax year 2030 and each tax year thereafter, the  
8 minimum amount of relief granted under the act shall be the minimum  
9 amount from the prior tax year plus a percentage increase equal to the  
10 percentage increase, if any, in the total assessed value of all real  
11 property in the state from the prior year to the current year, as  
12 determined by the Department of Revenue. If money is transferred or  
13 credited to the Property Tax Credit Cash Fund pursuant to any other state  
14 law, such amount shall be added to the ~~minimum~~ amount provided in  
15 ~~required under~~ this subsection when determining the total amount of  
16 relief granted under the act. The relief shall be in the form of a  
17 property tax credit which appears on the property tax statement.

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

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

30 (3) If the real property owner qualifies for a homestead exemption  
31 under sections 77-3501 to 77-3529 and section 3 of this act, the owner

1 shall also be qualified for the relief provided in the act to the extent  
2 of any remaining liability after calculation of the relief provided by  
3 the homestead exemption. If the credit results in a property tax  
4 liability on the homestead that is less than zero, the amount of the  
5 credit which cannot be used by the taxpayer shall be returned to the  
6 Property Tax Administrator by July 1 of the year the amount disbursed to  
7 the county was disbursed. The Property Tax Administrator shall  
8 immediately credit any funds returned under this subsection to the  
9 Property Tax Credit Cash Fund. Upon the return of any funds under this  
10 subsection, the county treasurer shall electronically file a report with  
11 the Property Tax Administrator, on a form prescribed by the Tax  
12 Commissioner, indicating the amount of funds distributed to each taxing  
13 unit in the county in the year the funds were returned, any collection  
14 fee retained by the county in such year, and the amount of unused credits  
15 returned.

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

31 (b) Beginning with tax year 2017, the amount disbursed to each

1 county shall be equal to the amount available for disbursement determined  
2 under subsection (1) of this section multiplied by the ratio of the  
3 credit allocation valuation in the county to the credit allocation  
4 valuation in the state. By September 15, the Property Tax Administrator  
5 shall determine the amount to be disbursed under this subdivision to each  
6 county and certify such amounts to the State Treasurer and to each  
7 county. The disbursements to the counties shall occur in two equal  
8 payments, the first on or before January 31 and the second on or before  
9 April 1. After retaining one percent of the receipts for costs, the  
10 county treasurer shall allocate the remaining receipts to each taxing  
11 unit based on its share of the credits granted to all taxpayers in the  
12 taxing unit.

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

20 (6) The State Treasurer shall transfer from the General Fund to the  
21 Property Tax Credit Cash Fund one hundred five million dollars by August  
22 1, 2007, and one hundred fifteen million dollars by August 1, 2008.

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

25 Sec. 3. Original section 77-2715.07, Revised Statutes Supplement,  
26 2023, as amended by Laws 2024, LB937, section 74, Laws 2024, LB1023,  
27 section 9, Laws 2024, LB1344, section 9, and Laws 2024, LB1402, section  
28 2; and section 77-4212, Revised Statutes Supplement, 2023, as amended by  
29 Laws 2024, LB126, section 11, are repealed.