

LEGISLATURE OF NEBRASKA  
ONE HUNDRED SIXTH LEGISLATURE  
FIRST SESSION

**LEGISLATIVE BILL 420**

Introduced by Bolz, 29.

Read first time January 18, 2019

Committee:

- 1 A BILL FOR AN ACT relating to revenue and taxation; to amend section
- 2 77-2715.07, Reissue Revised Statutes of Nebraska; to adopt the
- 3 Property Tax Circuit Breaker Act; to harmonize provisions; to
- 4 provide an operative date; and to repeal the original section.
- 5 Be it enacted by the people of the State of Nebraska,

1           Section 1. Sections 1 to 6 of this act shall be known and may be  
2 cited as the Property Tax Circuit Breaker Act.

3           Sec. 2. The purpose of the Property Tax Circuit Breaker Act is to  
4 provide tax relief through a refundable income tax credit for taxpayers  
5 with limited income available to pay property taxes.

6           Sec. 3. For purposes of the Property Tax Circuit Breaker Act:

7           (1) Agricultural land and horticultural land has the same meaning as  
8 in section 77-1359;

9           (2) Department means the Department of Revenue;

10          (3) Qualifying agricultural taxpayer means an individual who owns  
11 agricultural land and horticultural land that is located in this state  
12 and that has been used as part of a farming operation which has federal  
13 adjusted gross income of less than three hundred fifty thousand dollars  
14 in the most recently completed taxable year; and

15          (4) Qualifying residential taxpayer means an individual who owns or  
16 rents his or her principal residence in the State of Nebraska and who has  
17 federal adjusted gross income of less than one hundred thousand dollars  
18 for a married filing jointly taxpayer or fifty thousand dollars for any  
19 other taxpayer.

20          Sec. 4. (1) A qualifying agricultural taxpayer may apply to the  
21 department for a refundable income tax credit under the Property Tax  
22 Circuit Breaker Act from January 1 to April 15 of each year beginning in  
23 2020. The application shall be made on a form developed by the department  
24 and shall include:

25          (a) The address of the qualifying agricultural taxpayer's  
26 agricultural land and horticultural land;

27          (b) The amount of property taxes paid by the qualifying agricultural  
28 taxpayer on the agricultural land and horticultural land during the most  
29 recently completed taxable year;

30          (c) The federal adjusted gross income generated by the qualifying  
31 agricultural taxpayer's farming operation for the most recently completed

1 taxable year; and

2 (d) Any other documentation required by the department.

3 (2) If the department determines that the qualifying agricultural  
4 taxpayer qualifies for a tax credit under the act and that the  
5 information in the application is correct, the department shall grant the  
6 qualifying agricultural taxpayer a tax credit in an amount equal to the  
7 amount of property taxes paid on the agricultural land and horticultural  
8 land during the most recently completed taxable year minus seven percent  
9 of the qualifying agricultural taxpayer's federal adjusted gross income  
10 reported under subdivision (1)(c) of this section. The credit amount  
11 shall not be less than zero. The department shall issue the qualifying  
12 agricultural taxpayer a certification stating the amount of such credit  
13 no later than December 31 of the year of application.

14 (3) The department may certify tax credits under this section of up  
15 to one hundred seven million six hundred thousand dollars for each  
16 taxable year. If the total amount of tax credits calculated under  
17 subsection (2) of this section for all applications received in any year  
18 exceeds one hundred seven million six hundred thousand dollars, the  
19 department shall certify tax credits in proportionate percentages based  
20 upon the ratio of the amount of tax credits requested in each application  
21 to the total amount of tax credits requested in all applications so that  
22 the limitation in this subsection is not exceeded.

23 (4) The qualifying agricultural taxpayer shall claim the tax credit  
24 provided in this section by filing a form developed by the Tax  
25 Commissioner and attaching the tax credit certification issued by the  
26 department under this section. Such form and certification shall be filed  
27 with the next income tax return filed by the qualifying agricultural  
28 taxpayer after receiving the tax credit certification. Tax credits  
29 allowed under this section may be claimed for taxable years beginning or  
30 deemed to begin on or after January 1, 2020, under the Internal Revenue  
31 Code of 1986, as amended.

1       (5) Only one tax credit may be claimed under this section per parcel  
2 of agricultural land and horticultural land.

3       Sec. 5. (1) A qualifying residential taxpayer may apply to the  
4 department for a refundable income tax credit under the Property Tax  
5 Circuit Breaker Act from January 1 to April 15 of each year beginning in  
6 2020. The application shall be made on a form developed by the department  
7 and shall include:

8       (a) The address of the qualifying residential taxpayer's principal  
9 residence in this state;

10       (b)(i) If the qualifying residential taxpayer owns his or her  
11 principal residence, the amount of property taxes paid by the qualifying  
12 residential taxpayer on his or her principal residence during the most  
13 recently completed taxable year; or

14       (ii) If the qualifying residential taxpayer rents his or her  
15 principal residence, the amount of rent paid by the qualifying  
16 residential taxpayer for the right to occupy his or her principal  
17 residence during the most recently completed taxable year;

18       (c) The qualifying residential taxpayer's federal adjusted gross  
19 income for the most recently completed taxable year;

20       (d) If the qualifying residential taxpayer owns his or her principal  
21 residence, the assessed value of such residence used for determining the  
22 property taxes paid during the most recently completed taxable year; and

23       (e) Any other documentation required by the department.

24       (2) If the department determines that the qualifying residential  
25 taxpayer resided at the property described in the qualifying residential  
26 taxpayer's application for at least six months of the most recently  
27 completed taxable year, the department shall grant the qualifying  
28 residential taxpayer a tax credit in an amount calculated pursuant to  
29 this section and shall issue the qualifying residential taxpayer a  
30 certification stating the amount of such credit no later than December 31  
31 of the year of application.

1           (3)(a) For a qualifying residential taxpayer who paid property taxes  
 2 on his or her principal residence for the most recently completed taxable  
 3 year, the qualifying residential taxpayer shall be eligible for a credit,  
 4 subject to the limits described in subsections (5) and (7) of this  
 5 section, equal to the amount by which the total amount of such property  
 6 taxes paid on the principal residence exceeds the sum of the amounts  
 7 calculated in subdivision (3)(b) of this section. For purposes of this  
 8 subdivision, the amount of property taxes paid on a qualifying  
 9 residential taxpayer's principal residence shall not exceed the amount of  
 10 taxes paid on a residence with a taxable value equal to two hundred  
 11 percent of the average assessed value of single-family residential  
 12 property in the taxpayer's county of residence in the most recently  
 13 completed taxable year as determined under section 77-3506.02.

14           (b) The amounts to be added together for purposes of subdivision (3)  
 15 (a) of this section shall be determined from the following table:

		<u>For Married Filing</u>	<u>For All Other</u>
		<u>Jointly Taxpayers</u>	<u>Taxpayers</u>
18	<u>(i)       1% of the taxpayer's</u>	<u>\$0 - 14,000</u>	<u>\$0 - 7,000</u>
19	<u>      federal adjusted gross</u>		
20	<u>      income that falls</u>		
21	<u>      within the following</u>		
22	<u>      income bracket:</u>		
23	<u>(ii)       2% of the taxpayer's</u>	<u>\$14,001 -</u>	<u>\$7,001 -</u>
24	<u>      federal adjusted gross</u>	<u>30,000</u>	<u>15,000</u>
25	<u>      income that falls</u>		
26	<u>      within the following</u>		
27	<u>      income bracket:</u>		
28	<u>(iii)      3% of the taxpayer's</u>	<u>\$30,001 -</u>	<u>\$15,001 -</u>
29	<u>      federal adjusted gross</u>	<u>50,000</u>	<u>25,000</u>
30	<u>      income that falls</u>		
31	<u>      within the following</u>		

1                    income bracket:  
 2            (iv)        4% of the taxpayer's            \$50,001 -            \$25,001 -  
 3                    federal adjusted gross            75,000            37,500

4                    income that falls  
 5                    within the following

6                    income bracket:  
 7            (v)        5% of the taxpayer's            \$75,001 -            \$37,501 -  
 8                    federal adjusted gross            100,000            50,000

9                    income that falls  
 10                   within the following

11                   income bracket:

12            (4)(a) For a qualifying residential taxpayer who paid rent for the  
 13 right to occupy his or her principal residence for the most recently  
 14 completed taxable year, the qualifying residential taxpayer shall be  
 15 eligible for a credit, subject to the limits described in subsections (5)  
 16 and (7) of this section, equal to the amount by which twenty percent of  
 17 the total amount of rent paid exceeds the sum of the amounts calculated  
 18 in subdivision (4)(b) of this section.

19            (b) The amounts to be added together for purposes of subdivision (4)  
 20 (a) of this section shall be determined from the following table:

21		<u>For Married Filing</u>	<u>For All Other</u>
22		<u>Jointly Taxpayers</u>	<u>Taxpayers</u>
23	(i)	<u>1% of the taxpayer's</u>	<u>\$0 - 7,000</u>

24                    federal adjusted gross  
 25                    income that falls within  
 26                    the following  
 27                    income bracket:

28	(ii)	<u>2% of the taxpayer's</u>	<u>\$14,001 -</u>	<u>\$7,001 -</u>
29		<u>federal adjusted gross</u>	<u>30,000</u>	<u>15,000</u>
30		<u>income that falls within</u>		

1                   the following

2                   income bracket:

3       (iii)       3% of the taxpayer's           \$30,001 -           \$15,001 -

4                   federal adjusted gross           50,000           25,000

5                   income that falls within

6                   the following

7                   income bracket:

8       (iv)       4% of the taxpayer's           \$50,001 -           \$25,001 -

9                   federal adjusted gross           75,000           37,500

10                  income that falls within

11                  the following

12                  income bracket:

13       (v)       5% of the taxpayer's           \$75,001 -           \$37,501 -

14                  federal adjusted gross           100,000           50,000

15                  income that falls

16                  within the following

17                  income bracket:

18       (5) The credit allowed to a qualifying residential taxpayer under  
19 this section for any taxable year shall not exceed the applicable amount  
20 from the following table:

21   For Married Filing   For All Other

22   Jointly Taxpayers   Taxpayers

23       (a)       \$1,200 if the taxpayer's           \$0 - 14,000           \$0 - 7,000

24                   total federal adjusted

25                   gross income for the

26                   taxable year falls

27                   into the following

28                   income bracket:

29       (b)       \$900 if the taxpayer's           \$14,001 -           \$7,001 -

30                  total federal adjusted           30,000           15,000

1                   gross income for the  
2                   taxable year falls  
3                   into the following  
4                   income bracket:

5           (c)       \$600 if the taxpayer's           \$30,001 -           \$15,001 -  
6                   total federal adjusted           50,000           25,000

7                   gross income for the  
8                   taxable year falls  
9                   into the following  
10                  income bracket:

11          (d)       \$300 if the taxpayer's           \$50,001 -           \$25,001 -  
12                  total federal adjusted           100,000           50,000

13                  gross income for the  
14                  taxable year falls  
15                  into the following  
16                  income bracket:

17           (6) For taxable years beginning or deemed to begin on or after  
18           January 1, 2021, the minimum and maximum dollar amounts for each income  
19           tax bracket provided in subsections (3), (4), and (5) of this section and  
20           the amount of maximum credits provided in subsection (5) of this section  
21           shall be adjusted for inflation by the same percentage used to adjust  
22           individual income tax brackets under subsection (3) of section  
23           77-2715.03.

24           (7) The department may certify tax credits under this section of up  
25           to eighty-two million seven hundred thousand dollars for each taxable  
26           year. If the total amount of tax credits calculated under this section  
27           for all applications received in any year exceeds eighty-two million  
28           seven hundred thousand dollars, the department shall certify tax credits  
29           in proportionate percentages based upon the ratio of the amount of tax  
30           credits requested in each application to the total amount of tax credits  
31           requested in all applications so that the limitation in this subsection



1 is not exceeded.

2 (8) The qualifying residential taxpayer shall claim the tax credit  
3 provided in this section by filing a form developed by the Tax  
4 Commissioner and attaching the tax credit certification issued by the  
5 department under this section. Such form and certification shall be filed  
6 with the next income tax return filed by the qualifying residential  
7 taxpayer after receiving the tax credit certification.

8 (9) Tax credits allowed under this section may be claimed for  
9 taxable years beginning or deemed to begin on or after January 1, 2020,  
10 under the Internal Revenue Code of 1986, as amended.

11 (10) Any qualifying residential taxpayer who rents property that is  
12 owned by a tax-exempt charitable organization or that is exempt in any  
13 way from property taxation shall not be eligible to receive a tax credit  
14 under this section.

15 (11) Only one tax credit may be claimed under this section per  
16 residence.

17 Sec. 6. The department may adopt and promulgate rules and  
18 regulations to carry out the Property Tax Circuit Breaker Act.

19 Sec. 7. Section 77-2715.07, Reissue Revised Statutes of Nebraska, is  
20 amended to read:

21 77-2715.07 (1) There shall be allowed to qualified resident  
22 individuals as a nonrefundable credit against the income tax imposed by  
23 the Nebraska Revenue Act of 1967:

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

26 (b) A credit for taxes paid to another state as provided in section  
27 77-2730.

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

30 (a) For returns filed reporting federal adjusted gross incomes of  
31 greater than twenty-nine thousand dollars, a nonrefundable credit equal

1 to twenty-five percent of the federal credit allowed under section 21 of  
2 the Internal Revenue Code of 1986, as amended, except that for taxable  
3 years beginning or deemed to begin on or after January 1, 2015, such  
4 nonrefundable credit shall be allowed only if the individual would have  
5 received the federal credit allowed under section 21 of the code after  
6 adding back in any carryforward of a net operating loss that was deducted  
7 pursuant to such section in determining eligibility for the federal  
8 credit;

9 (b) For returns filed reporting federal adjusted gross income of  
10 twenty-nine thousand dollars or less, a refundable credit equal to a  
11 percentage of the federal credit allowable under section 21 of the  
12 Internal Revenue Code of 1986, as amended, whether or not the federal  
13 credit was limited by the federal tax liability. The percentage of the  
14 federal credit shall be one hundred percent for incomes not greater than  
15 twenty-two thousand dollars, and the percentage shall be reduced by ten  
16 percent for each one thousand dollars, or fraction thereof, by which the  
17 reported federal adjusted gross income exceeds twenty-two thousand  
18 dollars, 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 21 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 (c) A refundable credit as provided in section 77-5209.01 for  
25 individuals who qualify for an income tax credit as a qualified beginning  
26 farmer or livestock producer under the Beginning Farmer Tax Credit Act  
27 for all taxable years beginning or deemed to begin on or after January 1,  
28 2006, under the Internal Revenue Code of 1986, as amended;

29 (d) A refundable credit for individuals who qualify for an income  
30 tax credit under the Angel Investment Tax Credit Act, the Nebraska  
31 Advantage Microenterprise Tax Credit Act, the Nebraska Advantage Research

1 and Development Act, or the Volunteer Emergency Responders Incentive Act;  
2 and

3 (e) A refundable credit equal to ten percent of the federal credit  
4 allowed under section 32 of the Internal Revenue Code of 1986, as  
5 amended, except that for taxable years beginning or deemed to begin on or  
6 after January 1, 2015, such refundable credit shall be allowed only if  
7 the individual would have received the federal credit allowed under  
8 section 32 of the code after adding back in any carryforward of a net  
9 operating loss that was deducted pursuant to such section in determining  
10 eligibility for the federal credit.

11 (3) There shall be allowed to all individuals as a nonrefundable  
12 credit against the income tax imposed by the Nebraska Revenue Act of  
13 1967:

14 (a) A credit for personal exemptions allowed under section  
15 77-2716.01;

16 (b) A credit for contributions to certified community betterment  
17 programs as provided in the Community Development Assistance Act. Each  
18 partner, each shareholder of an electing subchapter S corporation, each  
19 beneficiary of an estate or trust, or each member of a limited liability  
20 company shall report his or her share of the credit in the same manner  
21 and proportion as he or she reports the partnership, subchapter S  
22 corporation, estate, trust, or limited liability company income;

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

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

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

29 (f) A credit to employers as provided in section 77-27,238; and

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

31 (4) There shall be allowed as a credit against the income tax

1 imposed by the Nebraska Revenue Act of 1967:

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

4 (b) A credit to all estates and trusts for contributions to  
5 certified community betterment programs as provided in the Community  
6 Development Assistance Act;~~and~~

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

18 (d) A refundable credit for individuals who qualify for an income  
19 tax credit under the Property Tax Circuit Breaker Act.

20 (5)(a) For all taxable years beginning on or after January 1, 2007,  
21 and before January 1, 2009, under the Internal Revenue Code of 1986, as  
22 amended, there shall be allowed to each partner, shareholder, member, or  
23 beneficiary of a partnership, subchapter S corporation, limited liability  
24 company, or estate or trust a nonrefundable credit against the income tax  
25 imposed by the Nebraska Revenue Act of 1967 equal to fifty percent of the  
26 partner's, shareholder's, member's, or beneficiary's portion of the  
27 amount of franchise tax paid to the state under sections 77-3801 to  
28 77-3807 by a financial institution.

29 (b) For all taxable years beginning on or after January 1, 2009,  
30 under the Internal Revenue Code of 1986, as amended, there shall be  
31 allowed to each partner, shareholder, member, or beneficiary of a

1 partnership, subchapter S corporation, limited liability company, or  
2 estate or trust a nonrefundable credit against the income tax imposed by  
3 the Nebraska Revenue Act of 1967 equal to the partner's, shareholder's,  
4 member's, or beneficiary's portion of the amount of franchise tax paid to  
5 the state under sections 77-3801 to 77-3807 by a financial institution.

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

12 (6) There shall be allowed to all individuals nonrefundable credits  
13 against the income tax imposed by the Nebraska Revenue Act of 1967 as  
14 provided in section 77-3604 and refundable credits against the income tax  
15 imposed by the Nebraska Revenue Act of 1967 as provided in section  
16 77-3605.

17 Sec. 8. This act becomes operative on January 1, 2020.

18 Sec. 9. Original section 77-2715.07, Reissue Revised Statutes of  
19 Nebraska, is repealed.