

LEGISLATURE OF NEBRASKA
ONE HUNDRED EIGHTH LEGISLATURE
SECOND SESSION

LEGISLATIVE BILL 1367

Introduced by Cavanaugh, J., 9.

Read first time January 17, 2024

Committee: Revenue

- 1 A BILL FOR AN ACT relating to revenue and taxation; to amend section
- 2 77-2715.07, Revised Statutes Supplement, 2023; to adopt the Property
- 3 Tax Circuit Breaker Act; to harmonize provisions; and to repeal the
- 4 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. For purposes of the Property Tax Circuit Breaker Act:

4 (1) Department means the Department of Revenue;

5 (2) Qualifying taxpayer means an individual who (a) owns his or her
6 principal residence in this state and (b) resides at such principal
7 residence for at least six months of the taxable year; and

8 (3) Threshold amount means five percent of a qualifying taxpayer's
9 federal adjusted gross income.

10 Sec. 3. (1) For taxable years beginning or deemed to begin on or
11 after January 1, 2025, under the Internal Revenue Code of 1986, as
12 amended, a qualifying taxpayer shall be eligible to receive a credit
13 against the income tax imposed by the Nebraska Revenue Act of 1967 if the
14 total amount of property taxes paid by the qualifying taxpayer on his or
15 her principal residence during the taxable year exceeds the qualifying
16 taxpayer's threshold amount for such taxable year.

17 (2) The credit provided in this section shall be a refundable income
18 tax credit in an amount calculated as follows:

19 (a) The qualifying taxpayer's threshold amount for the taxable year
20 shall be subtracted from the total amount of property taxes paid by the
21 qualifying taxpayer on his or her principal residence during the taxable
22 year; and

23 (b) The amount calculated under subdivision (2)(a) of this section
24 shall then be multiplied by fifty percent.

25 (3) For purposes of the calculation described in subsection (2) of
26 this section, the amount of property taxes paid on the qualifying
27 taxpayer's principal residence shall not exceed the amount of property
28 taxes paid on a residence with a taxable value equal to two hundred
29 percent of the average assessed value of single-family residential
30 property in the qualifying taxpayer's county of residence as determined
31 under section 77-3506.02.

1 (4) A qualifying taxpayer shall apply for the credit provided in
2 this section by submitting an application to the department with the
3 following information:

4 (a) The address of the qualifying taxpayer's principal residence in
5 Nebraska;

6 (b) The amount of property taxes paid by the qualifying taxpayer on
7 his or her principal residence during the taxable year;

8 (c) The qualifying taxpayer's federal adjusted gross income for the
9 taxable year;

10 (d) The assessed value of the qualifying taxpayer's principal
11 residence used for determining the property taxes paid during the taxable
12 year; and

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

14 (5) If the department determines that the qualifying taxpayer
15 qualifies for a tax credit under this section, the department shall
16 approve the application and certify the amount of the approved credit to
17 the qualifying taxpayer.

18 Sec. 4. A qualifying taxpayer shall claim any tax credit granted
19 under the Property Tax Circuit Breaker Act by attaching the tax credit
20 certification received from the department under section 3 of this act to
21 the qualifying taxpayer's income tax return.

22 Sec. 5. Only one tax credit per residence may be claimed in any
23 year under the Property Tax Circuit Breaker Act.

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

26 Sec. 7. Section 77-2715.07, Revised Statutes Supplement, 2023, is
27 amended to read:

28 77-2715.07 (1) There shall be allowed to qualified resident
29 individuals as a nonrefundable credit against the income tax imposed by
30 the Nebraska Revenue Act of 1967:

31 (a) A credit equal to the federal credit allowed under section 22 of

1 the Internal Revenue Code; and

2 (b) A credit for taxes paid to another state as provided in section
3 77-2730.

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

6 (a) For returns filed reporting federal adjusted gross incomes of
7 greater than twenty-nine thousand dollars, a nonrefundable credit equal
8 to twenty-five percent of the federal credit allowed under section 21 of
9 the Internal Revenue Code of 1986, as amended, except that for taxable
10 years beginning or deemed to begin on or after January 1, 2015, such
11 nonrefundable credit shall be allowed only if the individual would have
12 received the federal credit allowed under section 21 of the code after
13 adding back in any carryforward of a net operating loss that was deducted
14 pursuant to such section in determining eligibility for the federal
15 credit;

16 (b) For returns filed reporting federal adjusted gross income of
17 twenty-nine thousand dollars or less, a refundable credit equal to a
18 percentage of the federal credit allowable under section 21 of the
19 Internal Revenue Code of 1986, as amended, whether or not the federal
20 credit was limited by the federal tax liability. The percentage of the
21 federal credit shall be one hundred percent for incomes not greater than
22 twenty-two thousand dollars, and the percentage shall be reduced by ten
23 percent for each one thousand dollars, or fraction thereof, by which the
24 reported federal adjusted gross income exceeds twenty-two thousand
25 dollars, except that for taxable years beginning or deemed to begin on or
26 after January 1, 2015, such refundable credit shall be allowed only if
27 the individual would have received the federal credit allowed under
28 section 21 of the code after adding back in any carryforward of a net
29 operating loss that was deducted pursuant to such section in determining
30 eligibility for the federal credit;

31 (c) A refundable credit as provided in section 77-5209.01 for

1 individuals who qualify for an income tax credit as a qualified beginning
2 farmer or livestock producer under the Beginning Farmer Tax Credit Act
3 for all taxable years beginning or deemed to begin on or after January 1,
4 2006, under the Internal Revenue Code of 1986, as amended;

5 (d) A refundable credit for individuals who qualify for an income
6 tax credit under the Angel Investment Tax Credit Act, the Nebraska
7 Advantage Microenterprise Tax Credit Act, the Nebraska Advantage Research
8 and Development Act, or the Volunteer Emergency Responders Incentive Act;
9 and

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

18 (3) There shall be allowed to all individuals as a nonrefundable
19 credit against the income tax imposed by the Nebraska Revenue Act of
20 1967:

21 (a) A credit for personal exemptions allowed under section
22 77-2716.01;

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

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

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

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

5 (f) A credit to employers as provided in sections 77-27,238 and
6 77-27,240;

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

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

10 (i) A credit as provided in the Opportunity Scholarships Act.

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

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

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

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

29 (5)(a) For all taxable years beginning on or after January 1, 2007,
30 and before January 1, 2009, under the Internal Revenue Code of 1986, as
31 amended, there shall be allowed to each partner, shareholder, member, or

1 beneficiary of a partnership, subchapter S corporation, limited liability
2 company, or estate or trust a nonrefundable credit against the income tax
3 imposed by the Nebraska Revenue Act of 1967 equal to fifty percent of the
4 partner's, shareholder's, member's, or beneficiary's portion of the
5 amount of franchise tax paid to the state under sections 77-3801 to
6 77-3807 by a financial institution.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

8 (10) There shall be allowed to all individuals refundable credits
9 against the income tax imposed by the Nebraska Revenue Act of 1967 as
10 provided in section 77-7203 and nonrefundable credits against the income
11 tax imposed by the Nebraska Revenue Act of 1967 as provided in section
12 77-7204.

13 Sec. 8. Original section 77-2715.07, Revised Statutes Supplement,
14 2023, is repealed.