

LEGISLATURE OF NEBRASKA  
ONE HUNDRED EIGHTH LEGISLATURE  
SECOND SESSION

**LEGISLATIVE BILL 1402**

FINAL READING

Introduced by Linehan, 39; Slama, 1.

Read first time January 17, 2024

Committee: Appropriations

1 A BILL FOR AN ACT relating to education scholarships; to amend sections  
2 77-2715.07, 77-2717, and 77-2734.03, Revised Statutes Supplement,  
3 2023; to provide for education scholarships; to repeal the  
4 Opportunity Scholarships Act; to harmonize provisions; to provide  
5 operative dates; to repeal the original sections; to outright repeal  
6 sections 77-7101, 77-7102, 77-7103, 77-7104, 77-7105, 77-7106,  
7 77-7107, 77-7108, 77-7109, 77-7110, 77-7111, 77-7112, and 77-7113,  
8 Revised Statutes Supplement, 2023; and to declare an emergency.  
9 Be it enacted by the people of the State of Nebraska,

1           Section 1. (1) The Legislature finds that:

2           (a) Funds appropriated for the education of students in kindergarten  
3 through twelfth grade are for a fundamental public purpose of state  
4 government and constitute an ordinary expense of state government;

5           (b) Enabling the greatest number of parents and legal guardians to  
6 choose among quality educational opportunities for children will improve  
7 the quality of education available to all children;

8           (c) Privately operated elementary and secondary schools in Nebraska  
9 satisfy the state's requirements for legal operation and provide quality  
10 educational opportunities for children;

11           (d) Parents and legal guardians of limited means are less able to  
12 choose among quality educational opportunities for their children; and

13           (e) Making it possible for more parents and legal guardians to be  
14 able to choose privately operated schools benefits Nebraska parents and  
15 taxpayers.

16           (2) For purposes of this section:

17           (a) Education scholarship means a financial grant-in-aid to be used  
18 to pay all or part of the cost to educate an eligible student attending a  
19 qualified school;

20           (b) Eligible student means a resident of Nebraska who:

21           (i) Is receiving an education scholarship for the first time and is  
22 (A) entering kindergarten or ninth grade in a qualified school or the  
23 first grade level offered by the qualified school, (B) transferring from  
24 a public school at which the student was enrolled for at least one  
25 semester immediately preceding the first semester for which the student  
26 receives an education scholarship to a qualified school and is entering  
27 any of grades kindergarten through twelve, or (C) a member of an active  
28 duty or reserve military family transferring into Nebraska from another  
29 state or another country and is entering any of grades kindergarten  
30 through twelve in a qualified school;

31           (ii) Has previously received an education scholarship under this

1 section and is continuing education at a qualified school until such  
2 student graduates from high school or reaches twenty-one years of age,  
3 whichever comes first;

4 (iii) Has previously received an education scholarship under the  
5 Opportunity Scholarships Act, as such act existed prior to its repeal by  
6 this legislative bill, and is continuing education at a qualified school  
7 until such student graduates from high school or reaches twenty-one years  
8 of age, whichever comes first;

9 (iv) Is the sibling of a student who is receiving an education  
10 scholarship and resides in the same household as such student; or

11 (v) Is currently enrolled in a qualified school and is a member of a  
12 family whose household income is no more than two hundred thirteen  
13 percent of the federal poverty level; and

14 (c) Qualified school means any nongovernmental, privately operated  
15 elementary or secondary school located in this state that (i) is operated  
16 not for profit, (ii) complies with the antidiscrimination provisions of  
17 42 U.S.C. 1981, as such section existed on January 1, 2024, (iii)  
18 complies with all health and life safety laws or codes that apply to  
19 privately operated schools, and (iv) fulfills the applicable  
20 accreditation or approval requirements established by the State Board of  
21 Education pursuant to section 79-318.

22 (3) The State Treasurer shall establish a program to provide  
23 education scholarships to eligible students to pay the costs associated  
24 with attending a qualified school. Under such program, the State  
25 Treasurer shall:

26 (a) Establish a priority system for awarding education scholarships  
27 under the program. Such priority system shall:

28 (i) Give first priority to:

29 (A) Eligible students who received an education scholarship under  
30 this section or under the Opportunity Scholarships Act, as such act  
31 existed prior to its repeal by this legislative bill, during the previous

1 school year; and

2 (B) The sibling of a student who is receiving an education  
3 scholarship, so long as the sibling resides in the same household as such  
4 student;

5 (ii) Give second priority to:

6 (A) Eligible students whose household income levels do not exceed  
7 one hundred eighty-five percent of the federal poverty level;

8 (B) Eligible students whose application for the enrollment option  
9 program established in section 79-234 has been denied;

10 (C) Eligible students who have an individualized education program;

11 (D) Eligible students who are experiencing bullying, harassment,  
12 hazing, assault, battery, kidnapping, robbery, sexual offenses, threat or  
13 intimidation, or fighting at school;

14 (E) Eligible students who are in foster care; and

15 (F) Eligible students who are in a family with a parent or guardian  
16 in an active duty role in a branch of the armed forces of the United  
17 States or in the National Guard, or whose parent or guardian was killed  
18 serving in the line of duty;

19 (iii) Give third priority to eligible students whose household  
20 income levels exceed one hundred eighty-five percent of the federal  
21 poverty level but do not exceed two hundred thirteen percent of the  
22 federal poverty level; and

23 (iv) Give fourth priority to eligible students whose household  
24 income levels exceed two hundred thirteen percent of the federal poverty  
25 level but do not exceed three hundred percent of the income indicated in  
26 the income eligibility guidelines for reduced price meals under the  
27 National School Lunch Program in 7 C.F.R. part 210;

28 (b) Limit the maximum scholarship amount awarded to any eligible  
29 student to the cost necessary to educate the eligible student at the  
30 qualified school such student attends; and

31 (c) Limit scholarship amounts awarded to eligible students in a

1 manner that assures that the average of the scholarship amounts awarded  
2 per student does not exceed seventy-five percent of the statewide average  
3 general fund operating expenditures per formula student for the most  
4 recently available complete data year as such terms are defined in  
5 section 79-1003.

6 (4) The annual limit on the total amount of education scholarships  
7 awarded under this section for fiscal year 2024-25 and each fiscal year  
8 thereafter shall be ten million dollars.

9 (5) On or before December 1, 2025, and on or before December 1 of  
10 each year thereafter, the State Treasurer shall electronically submit a  
11 report to the Governor and the Legislature that includes the following:

12 (a) A summary description of the State Treasurer's policies and  
13 procedures for awarding education scholarships;

14 (b) The number of eligible students receiving education scholarships  
15 in the most recent fiscal year;

16 (c) The total amount of education scholarships awarded in the most  
17 recent fiscal year;

18 (d) The number of eligible students currently wait-listed or denied  
19 from receiving an education scholarship and the reason for the wait-  
20 listing or denial; and

21 (e) The demographic information of eligible students receiving  
22 education scholarships, including, but not limited to:

23 (i) Income level;

24 (ii) Grade level; and

25 (iii) Geographic location.

26 (6) The State Treasurer may enter into contracts with up to three  
27 program managers for the purposes of carrying out the education  
28 scholarship program described in this section.

29 (7) It is the intent of the Legislature to appropriate ten million  
30 dollars from the General Fund for fiscal year 2024-25 and each fiscal  
31 year thereafter to the State Treasurer for the purpose of providing

1 education scholarships as provided in this section.

2 (8) Up to seven and one-half percent of the funds appropriated for  
3 purposes of this section may be used by the State Treasurer, or by the  
4 program managers with which the State Treasurer contracts, for  
5 administrative expenses.

6 (9) This section shall not be construed as granting any expanded or  
7 additional authority to the State of Nebraska to control or influence the  
8 governance or policies of any qualified school due to the fact that the  
9 qualified school admits and enrolls students who receive education  
10 scholarships or as requiring any such qualified school to admit or, once  
11 admitted, to continue the enrollment of any student receiving an  
12 education scholarship.

13 Sec. 2. Section 77-2715.07, Revised Statutes Supplement, 2023, is  
14 amended to read:

15 77-2715.07 (1) There shall be allowed to qualified resident  
16 individuals as a nonrefundable credit against the income tax imposed by  
17 the Nebraska Revenue Act of 1967:

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

20 (b) A credit for taxes paid to another state as provided in section  
21 77-2730.

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

24 (a) For returns filed reporting federal adjusted gross incomes of  
25 greater than twenty-nine thousand dollars, a nonrefundable credit equal  
26 to twenty-five percent of the federal credit allowed under section 21 of  
27 the Internal Revenue Code of 1986, as amended, except that for taxable  
28 years beginning or deemed to begin on or after January 1, 2015, such  
29 nonrefundable credit shall be allowed only if the individual would have  
30 received the federal credit allowed under section 21 of the code after  
31 adding back in any carryforward of a net operating loss that was deducted

1 pursuant to such section in determining eligibility for the federal  
2 credit;

3 (b) For returns filed reporting federal adjusted gross income of  
4 twenty-nine thousand dollars or less, a refundable credit equal to a  
5 percentage of the federal credit allowable under section 21 of the  
6 Internal Revenue Code of 1986, as amended, whether or not the federal  
7 credit was limited by the federal tax liability. The percentage of the  
8 federal credit shall be one hundred percent for incomes not greater than  
9 twenty-two thousand dollars, and the percentage shall be reduced by ten  
10 percent for each one thousand dollars, or fraction thereof, by which the  
11 reported federal adjusted gross income exceeds twenty-two thousand  
12 dollars, 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 21 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 (c) A refundable credit as provided in section 77-5209.01 for  
19 individuals who qualify for an income tax credit as a qualified beginning  
20 farmer or livestock producer under the Beginning Farmer Tax Credit Act  
21 for all taxable years beginning or deemed to begin on or after January 1,  
22 2006, under the Internal Revenue Code of 1986, as amended;

23 (d) A refundable credit for individuals who qualify for an income  
24 tax credit under the Angel Investment Tax Credit Act, the Nebraska  
25 Advantage Microenterprise Tax Credit Act, the Nebraska Advantage Research  
26 and Development Act, or the Volunteer Emergency Responders Incentive Act;  
27 and

28 (e) A refundable credit equal to ten percent of the federal credit  
29 allowed under section 32 of the Internal Revenue Code of 1986, as  
30 amended, except that for taxable years beginning or deemed to begin on or  
31 after January 1, 2015, such refundable credit shall be allowed only if

1 the individual would have received the federal credit allowed under  
2 section 32 of the code after adding back in any carryforward of a net  
3 operating loss that was deducted pursuant to such section in determining  
4 eligibility for the federal credit.

5 (3) There shall be allowed to all individuals as a nonrefundable  
6 credit against the income tax imposed by the Nebraska Revenue Act of  
7 1967:

8 (a) A credit for personal exemptions allowed under section  
9 77-2716.01;

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

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

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

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

23 (f) A credit to employers as provided in sections 77-27,238 and  
24 77-27,240;

25 (g) A credit as provided in the Affordable Housing Tax Credit Act;  
26 and

27 (h) A credit to grocery store retailers, restaurants, and  
28 agricultural producers as provided in section 77-27,241. ~~and~~

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

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



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

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

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

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

26 (b) For all taxable years beginning on or after January 1, 2009,  
27 under the Internal Revenue Code of 1986, as amended, there shall be  
28 allowed to each partner, shareholder, member, or beneficiary of a  
29 partnership, subchapter S corporation, limited liability company, or  
30 estate or trust a nonrefundable credit against the income tax imposed by  
31 the Nebraska Revenue Act of 1967 equal to the partner's, shareholder's,

1 member's, or beneficiary's portion of the amount of franchise tax paid to  
2 the state under sections 77-3801 to 77-3807 by a financial institution.

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

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

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

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

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

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

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

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

31 (d) The credit provided in this subsection shall be subject to

1 recapture by the Department of Revenue if the individual claiming the  
2 credit sells or otherwise transfers the residence or quits using the  
3 residence as his or her primary residence within five years after the end  
4 of the taxable year in which the credit was claimed.

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

8 (8) 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 the Nebraska Biodiesel Tax Credit Act, the Nebraska Higher  
11 Blend Tax Credit Act, the Nebraska Property Tax Incentive Act, and the  
12 Renewable Chemical Production Tax Credit Act.

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

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

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

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

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

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

26 (10) There shall be allowed to all individuals refundable credits  
27 against the income tax imposed by the Nebraska Revenue Act of 1967 as  
28 provided in section 77-7203 and nonrefundable credits against the income  
29 tax imposed by the Nebraska Revenue Act of 1967 as provided in section  
30 77-7204.

31 Sec. 3. Section 77-2717, Revised Statutes Supplement, 2023, is

1 amended to read:

2       77-2717 (1)(a)(i) For taxable years beginning or deemed to begin  
3 before January 1, 2014, the tax imposed on all resident estates and  
4 trusts shall be a percentage of the federal taxable income of such  
5 estates and trusts as modified in section 77-2716, plus a percentage of  
6 the federal alternative minimum tax and the federal tax on premature or  
7 lump-sum distributions from qualified retirement plans. The additional  
8 taxes shall be recomputed by (A) substituting Nebraska taxable income for  
9 federal taxable income, (B) calculating what the federal alternative  
10 minimum tax would be on Nebraska taxable income and adjusting such  
11 calculations for any items which are reflected differently in the  
12 determination of federal taxable income, and (C) applying Nebraska rates  
13 to the result. The federal credit for prior year minimum tax, after the  
14 recomputations required by the Nebraska Revenue Act of 1967, and the  
15 credits provided in the Nebraska Advantage Microenterprise Tax Credit Act  
16 and the Nebraska Advantage Research and Development Act shall be allowed  
17 as a reduction in the income tax due. A refundable income tax credit  
18 shall be allowed for all resident estates and trusts under the Angel  
19 Investment Tax Credit Act, the Nebraska Advantage Microenterprise Tax  
20 Credit Act, and the Nebraska Advantage Research and Development Act. A  
21 nonrefundable income tax credit shall be allowed for all resident estates  
22 and trusts as provided in the New Markets Job Growth Investment Act.

23       (ii) For taxable years beginning or deemed to begin on or after  
24 January 1, 2014, the tax imposed on all resident estates and trusts shall  
25 be a percentage of the federal taxable income of such estates and trusts  
26 as modified in section 77-2716, plus a percentage of the federal tax on  
27 premature or lump-sum distributions from qualified retirement plans. The  
28 additional taxes shall be recomputed by substituting Nebraska taxable  
29 income for federal taxable income and applying Nebraska rates to the  
30 result. The credits provided in the Nebraska Advantage Microenterprise  
31 Tax Credit Act and the Nebraska Advantage Research and Development Act

1 shall be allowed as a reduction in the income tax due. A refundable  
2 income tax credit shall be allowed for all resident estates and trusts  
3 under the Angel Investment Tax Credit Act, the Nebraska Advantage  
4 Microenterprise Tax Credit Act, the Nebraska Advantage Research and  
5 Development Act, the Nebraska Biodiesel Tax Credit Act, the Nebraska  
6 Higher Blend Tax Credit Act, the Nebraska Property Tax Incentive Act, and  
7 the Renewable Chemical Production Tax Credit Act. A nonrefundable income  
8 tax credit shall be allowed for all resident estates and trusts as  
9 provided in the Nebraska Job Creation and Mainstreet Revitalization Act,  
10 the New Markets Job Growth Investment Act, the School Readiness Tax  
11 Credit Act, the Child Care Tax Credit Act, the Affordable Housing Tax  
12 Credit Act, ~~the Opportunity Scholarships Act,~~ and sections 77-27,238,  
13 77-27,240, and 77-27,241.

14 (b) The tax imposed on all nonresident estates and trusts shall be  
15 the portion of the tax imposed on resident estates and trusts which is  
16 attributable to the income derived from sources within this state. The  
17 tax which is attributable to income derived from sources within this  
18 state shall be determined by multiplying the liability to this state for  
19 a resident estate or trust with the same total income by a fraction, the  
20 numerator of which is the nonresident estate's or trust's Nebraska income  
21 as determined by sections 77-2724 and 77-2725 and the denominator of  
22 which is its total federal income after first adjusting each by the  
23 amounts provided in section 77-2716. The federal credit for prior year  
24 minimum tax, after the recomputations required by the Nebraska Revenue  
25 Act of 1967, reduced by the percentage of the total income which is  
26 attributable to income from sources outside this state, and the credits  
27 provided in the Nebraska Advantage Microenterprise Tax Credit Act and the  
28 Nebraska Advantage Research and Development Act shall be allowed as a  
29 reduction in the income tax due. A refundable income tax credit shall be  
30 allowed for all nonresident estates and trusts under the Angel Investment  
31 Tax Credit Act, the Nebraska Advantage Microenterprise Tax Credit Act,

1 the Nebraska Advantage Research and Development Act, the Nebraska  
2 Biodiesel Tax Credit Act, the Nebraska Higher Blend Tax Credit Act, the  
3 Nebraska Property Tax Incentive Act, and the Renewable Chemical  
4 Production Tax Credit Act. A nonrefundable income tax credit shall be  
5 allowed for all nonresident estates and trusts as provided in the  
6 Nebraska Job Creation and Mainstreet Revitalization Act, the New Markets  
7 Job Growth Investment Act, the School Readiness Tax Credit Act, the Child  
8 Care Tax Credit Act, the Affordable Housing Tax Credit Act,~~the~~  
9 ~~Opportunity Scholarships Act~~, and sections 77-27,238, 77-27,240, and  
10 77-27,241.

11 (2) In all instances wherein a fiduciary income tax return is  
12 required under the provisions of the Internal Revenue Code, a Nebraska  
13 fiduciary return shall be filed, except that a fiduciary return shall not  
14 be required to be filed regarding a simple trust if all of the trust's  
15 beneficiaries are residents of the State of Nebraska, all of the trust's  
16 income is derived from sources in this state, and the trust has no  
17 federal tax liability. The fiduciary shall be responsible for making the  
18 return for the estate or trust for which he or she acts, whether the  
19 income be taxable to the estate or trust or to the beneficiaries thereof.  
20 The fiduciary shall include in the return a statement of each  
21 beneficiary's distributive share of net income when such income is  
22 taxable to such beneficiaries.

23 (3) The beneficiaries of such estate or trust who are residents of  
24 this state shall include in their income their proportionate share of  
25 such estate's or trust's federal income and shall reduce their Nebraska  
26 tax liability by their proportionate share of the credits as provided in  
27 the Angel Investment Tax Credit Act, the Nebraska Advantage  
28 Microenterprise Tax Credit Act, the Nebraska Advantage Research and  
29 Development Act, the Nebraska Job Creation and Mainstreet Revitalization  
30 Act, the New Markets Job Growth Investment Act, the School Readiness Tax  
31 Credit Act, the Child Care Tax Credit Act, the Affordable Housing Tax

1 Credit Act, the Nebraska Biodiesel Tax Credit Act, the Nebraska Higher  
2 Blend Tax Credit Act, the Nebraska Property Tax Incentive Act, the  
3 Renewable Chemical Production Tax Credit Act,~~the Opportunity~~  
4 ~~Scholarships Act~~, and sections 77-27,238, 77-27,240, and 77-27,241. There  
5 shall be allowed to a beneficiary a refundable income tax credit under  
6 the Beginning Farmer Tax Credit Act for all taxable years beginning or  
7 deemed to begin on or after January 1, 2001, under the Internal Revenue  
8 Code of 1986, as amended.

9 (4) If any beneficiary of such estate or trust is a nonresident  
10 during any part of the estate's or trust's taxable year, he or she shall  
11 file a Nebraska income tax return which shall include (a) in Nebraska  
12 adjusted gross income that portion of the estate's or trust's Nebraska  
13 income, as determined under sections 77-2724 and 77-2725, allocable to  
14 his or her interest in the estate or trust and (b) a reduction of the  
15 Nebraska tax liability by his or her proportionate share of the credits  
16 as provided in the Angel Investment Tax Credit Act, the Nebraska  
17 Advantage Microenterprise Tax Credit Act, the Nebraska Advantage Research  
18 and Development Act, the Nebraska Job Creation and Mainstreet  
19 Revitalization Act, the New Markets Job Growth Investment Act, the School  
20 Readiness Tax Credit Act, the Child Care Tax Credit Act, the Affordable  
21 Housing Tax Credit Act, the Nebraska Biodiesel Tax Credit Act, the  
22 Nebraska Higher Blend Tax Credit Act, the Nebraska Property Tax Incentive  
23 Act, the Renewable Chemical Production Tax Credit Act,~~the Opportunity~~  
24 ~~Scholarships Act~~, and sections 77-27,238, 77-27,240, and 77-27,241 and  
25 shall execute and forward to the fiduciary, on or before the original due  
26 date of the Nebraska fiduciary return, an agreement which states that he  
27 or she will file a Nebraska income tax return and pay income tax on all  
28 income derived from or connected with sources in this state, and such  
29 agreement shall be attached to the Nebraska fiduciary return for such  
30 taxable year.

31 (5) In the absence of the nonresident beneficiary's executed

1 agreement being attached to the Nebraska fiduciary return, the estate or  
2 trust shall remit a portion of such beneficiary's income which was  
3 derived from or attributable to Nebraska sources with its Nebraska return  
4 for the taxable year. For taxable years beginning or deemed to begin  
5 before January 1, 2013, the amount of remittance, in such instance, shall  
6 be the highest individual income tax rate determined under section  
7 77-2715.02 multiplied by the nonresident beneficiary's share of the  
8 estate or trust income which was derived from or attributable to sources  
9 within this state. For taxable years beginning or deemed to begin on or  
10 after January 1, 2013, the amount of remittance, in such instance, shall  
11 be the highest individual income tax rate determined under section  
12 77-2715.03 multiplied by the nonresident beneficiary's share of the  
13 estate or trust income which was derived from or attributable to sources  
14 within this state. The amount remitted shall be allowed as a credit  
15 against the Nebraska income tax liability of the beneficiary.

16 (6) The Tax Commissioner may allow a nonresident beneficiary to not  
17 file a Nebraska income tax return if the nonresident beneficiary's only  
18 source of Nebraska income was his or her share of the estate's or trust's  
19 income which was derived from or attributable to sources within this  
20 state, the nonresident did not file an agreement to file a Nebraska  
21 income tax return, and the estate or trust has remitted the amount  
22 required by subsection (5) of this section on behalf of such nonresident  
23 beneficiary. The amount remitted shall be retained in satisfaction of the  
24 Nebraska income tax liability of the nonresident beneficiary.

25 (7) For purposes of this section, unless the context otherwise  
26 requires, simple trust shall mean any trust instrument which (a) requires  
27 that all income shall be distributed currently to the beneficiaries, (b)  
28 does not allow amounts to be paid, permanently set aside, or used in the  
29 tax year for charitable purposes, and (c) does not distribute amounts  
30 allocated in the corpus of the trust. Any trust which does not qualify as  
31 a simple trust shall be deemed a complex trust.



1 (8) For purposes of this section, any beneficiary of an estate or  
2 trust that is a grantor trust of a nonresident shall be disregarded and  
3 this section shall apply as though the nonresident grantor was the  
4 beneficiary.

5 Sec. 4. Section 77-2734.03, Revised Statutes Supplement, 2023, is  
6 amended to read:

7 77-2734.03 (1)(a) For taxable years commencing prior to January 1,  
8 1997, any (i) insurer paying a tax on premiums and assessments pursuant  
9 to section 77-908 or 81-523, (ii) electric cooperative organized under  
10 the Joint Public Power Authority Act, or (iii) credit union shall be  
11 credited, in the computation of the tax due under the Nebraska Revenue  
12 Act of 1967, with the amount paid during the taxable year as taxes on  
13 such premiums and assessments and taxes in lieu of intangible tax.

14 (b) For taxable years commencing on or after January 1, 1997, any  
15 insurer paying a tax on premiums and assessments pursuant to section  
16 77-908 or 81-523, any electric cooperative organized under the Joint  
17 Public Power Authority Act, or any credit union shall be credited, in the  
18 computation of the tax due under the Nebraska Revenue Act of 1967, with  
19 the amount paid during the taxable year as (i) taxes on such premiums and  
20 assessments included as Nebraska premiums and assessments under section  
21 77-2734.05 and (ii) taxes in lieu of intangible tax.

22 (c) For taxable years commencing or deemed to commence prior to, on,  
23 or after January 1, 1998, any insurer paying a tax on premiums and  
24 assessments pursuant to section 77-908 or 81-523 shall be credited, in  
25 the computation of the tax due under the Nebraska Revenue Act of 1967,  
26 with the amount paid during the taxable year as assessments allowed as an  
27 offset against premium and related retaliatory tax liability pursuant to  
28 section 44-4233.

29 (2) There shall be allowed to corporate taxpayers a tax credit for  
30 contributions to community betterment programs as provided in the  
31 Community Development Assistance Act.

1 (3) There shall be allowed to corporate taxpayers a refundable  
2 income tax credit under the Beginning Farmer Tax Credit Act for all  
3 taxable years beginning or deemed to begin on or after January 1, 2001,  
4 under the Internal Revenue Code of 1986, as amended.

5 (4) The changes made to this section by Laws 2004, LB 983, apply to  
6 motor fuels purchased during any tax year ending or deemed to end on or  
7 after January 1, 2005, under the Internal Revenue Code of 1986, as  
8 amended.

9 (5) There shall be allowed to corporate taxpayers refundable income  
10 tax credits under the Nebraska Advantage Microenterprise Tax Credit Act,  
11 the Nebraska Advantage Research and Development Act, the Nebraska  
12 Biodiesel Tax Credit Act, the Nebraska Higher Blend Tax Credit Act, the  
13 Nebraska Property Tax Incentive Act, and the Renewable Chemical  
14 Production Tax Credit Act.

15 (6) There shall be allowed to corporate taxpayers a nonrefundable  
16 income tax credit for investment in a biodiesel facility as provided in  
17 section 77-27,236.

18 (7) There shall be allowed to corporate taxpayers a nonrefundable  
19 income tax credit as provided in the Nebraska Job Creation and Mainstreet  
20 Revitalization Act, the New Markets Job Growth Investment Act, the School  
21 Readiness Tax Credit Act, the Child Care Tax Credit Act, the Affordable  
22 Housing Tax Credit Act, ~~the Opportunity Scholarships Act~~, and sections  
23 77-27,238, 77-27,240, and 77-27,241.

24 Sec. 5. Sections 2, 3, 4, 6, and 7 of this act become operative on  
25 October 31, 2024. The other sections of this act become operative on  
26 their effective date.

27 Sec. 6. Original sections 77-2715.07, 77-2717, and 77-2734.03,  
28 Revised Statutes Supplement, 2023, are repealed.

29 Sec. 7. The following sections are outright repealed: Sections  
30 77-7101, 77-7102, 77-7103, 77-7104, 77-7105, 77-7106, 77-7107, 77-7108,  
31 77-7109, 77-7110, 77-7111, 77-7112, and 77-7113, Revised Statutes

1 Supplement, 2023.

2       Sec. 8. Since an emergency exists, this act takes effect when  
3 passed and approved according to law.