

LEGISLATURE OF NEBRASKA
ONE HUNDRED NINTH LEGISLATURE
SECOND SESSION

LEGISLATIVE BILL 1156

Introduced by Spivey, 13.

Read first time January 20, 2026

Committee: Revenue

- 1 A BILL FOR AN ACT relating to revenue and taxation; to adopt the
- 2 Disinvested Community Development Incentive Tax Credit Act; and to
- 3 provide an operative date.
- 4 Be it enacted by the people of the State of Nebraska,

1 **Section 1.** Sections 1 to 9 of this act shall be known and may be
2 cited as the Disinvested Community Development Incentive Tax Credit Act.

3 **Sec. 2.** (1) The Legislature finds and declares that (a) many
4 communities across the State of Nebraska, including urban neighborhoods,
5 rural downtowns, and historically disinvested areas, experience
6 persistent underinvestment in neighborhood-scale commercial, mixed-use,
7 industrial, and community-serving development, (b) small and emerging
8 developers and locally based developers face structural barriers to
9 accessing private capital due to limited balance sheets, limited
10 development history, and lack of early-stage financing, and (c) existing
11 economic development incentives frequently favor large-scale projects and
12 established developers and do not adequately address predevelopment,
13 workforce development, and community engagement needs.

14 (2) The Legislature further finds that (a) tax credits are an
15 effective mechanism to mobilize private capital at scale, encourage
16 sustained private participation in economic development, and reduce
17 reliance on direct public appropriations and (b) limited and targeted
18 grant assistance remains necessary to address market gaps where private
19 capital is unavailable or insufficient.

20 (3) It is the intent of the Legislature to establish a tax-credit-
21 driven urban development incentive program, supplemented by limited grant
22 assistance, to incentivize private investment in economically distressed
23 areas, support small and emerging developers and underrepresented
24 businesses, expand access to affordable commercial or mixed-use space,
25 promote local job creation and workforce development, encourage
26 sustainability and resilience, and maximize public benefit while
27 maintaining predictable fiscal exposure.

28 **Sec. 3.** For purposes of the Disinvested Community Development
29 Incentive Tax Credit Act:

30 (1) Affordable commercial or mixed-use space means commercial or
31 mixed-use space that is leased or otherwise made available at rates at

1 least thirty percent below prevailing market rates or designated by the
2 department as serving small businesses, nonprofit organizations, or
3 community-based enterprises;

4 (2) Department means the Department of Economic Development;

5 (3) Economically distressed area means (a) a qualified census tract
6 as defined in 26 U.S.C. 42(d)(5)(B)(ii)(I), as such section existed on
7 January 1, 2026, or (b) an area in the State of Nebraska in which the
8 average unemployment rate is at least one hundred fifty percent of the
9 statewide average and the poverty rate is at least twenty percent;

10 (4) Eligible developer means a small developer or emerging developer
11 that is engaged in the development or rehabilitation of real property,
12 that has fewer than fifty full-time-equivalent employees, that had annual
13 gross revenue not exceeding five million dollars in any of the three most
14 recently completed fiscal years, that is independently owned and operated
15 and not a subsidiary of a larger business entity, and that has limited
16 access to traditional financing due to size, operational history, or
17 limited prior project experience;

18 (5) Qualified project means the development, redevelopment, or
19 rehabilitation of affordable commercial or mixed-use space, industrial
20 facilities, or community-serving facilities located in an economically
21 distressed area, as approved by the department; and

22 (6) Qualifying organization means an organization certified by the
23 department to receive tax-credit-supported contributions, including (a) a
24 community development financial institution certified by the United
25 States Department of the Treasury or (b) an innovation hub designated
26 under the Nebraska Innovation Hub Act.

27 **Sec. 4.** (1) A taxpayer who makes a cash contribution to a
28 qualifying organization for the purpose of funding one or more qualified
29 projects or eligible activities under the Disinvested Community
30 Development Incentive Tax Credit Act shall be allowed a nonrefundable
31 income tax credit equal to fifty percent of the contribution. The credit

1 may be applied against income tax liability imposed under the Nebraska
2 Revenue Act of 1967. Any unused credit may be carried forward and applied
3 against tax liability for up to five taxable years.

4 (2) The total amount of tax credits allowed under this section shall
5 not exceed twenty-six million five hundred thousand dollars per calendar
6 year. Credits shall be reserved and allocated by the department on a
7 first-come, first-served basis subject to availability and compliance
8 with the rules and regulations adopted and promulgated by the department.

9 **Sec. 5.** Tax-credit-supported contributions may be used by
10 qualifying organizations, subject to approval by the department, for the
11 following eligible activities:

12 (1) Development or rehabilitation of affordable commercial or mixed-
13 use space, including neighborhood-scale retail, office, light industrial,
14 cultural, nonprofit, and community-serving facilities;

15 (2) Site readiness and site preparation activities, including
16 environmental remediation, demolition, utility installation, grading, and
17 related infrastructure improvements;

18 (3) Gap financing, credit enhancement, or other financial support
19 necessary to complete qualified projects;

20 (4) Development, expansion, or modernization of industrial,
21 manufacturing, logistics, and intermodal facilities, including supporting
22 infrastructure;

23 (5) Creation, expansion, or operation of accelerator programs,
24 incubators, and innovation programs for early-stage companies;

25 (6) Provision of business support services and access-to-capital
26 programming for underrepresented companies;

27 (7) Workforce development, job training, apprenticeships,
28 credentialing, and placement programs tied to supported projects or
29 businesses;

30 (8) Sustainability, resilience, energy efficiency, renewable energy
31 systems, and green building certification;

1 (9) Community engagement, public consultation, and capacity-building
2 activities for eligible developers; and

3 (10) Sports, cultural, and placemaking facilities located in
4 economically distressed areas when sponsored by or developed in
5 partnership with a designated innovation hub.

6 **Sec. 6.** (1) The department may award limited grants to eligible
7 developers for qualified projects when such assistance is necessary to
8 advance project feasibility or public benefit. A grant awarded under this
9 section shall not exceed ten percent of total project costs or five
10 hundred thousand dollars per project. The total amount of grants awarded
11 statewide shall not exceed twenty million dollars per fiscal year.

12 (2) Grant funds may be used only for predevelopment and feasibility
13 costs, downpayment assistance or credit enhancement, workforce
14 development and job training, and community engagement and public
15 consultation activities. Grant funds shall supplement but not replace
16 private capital mobilized through the tax credit.

17 **Sec. 7.** Any tax-credit-supported contribution under the Disinvested
18 Community Development Incentive Tax Credit Act shall be made to a
19 qualifying organization. A qualifying organization that receives such a
20 contribution shall maintain such funds in segregated accounts dedicated
21 to purposes authorized under the Disinvested Community Development
22 Incentive Tax Credit Act, shall deploy the funds only for department-
23 approved projects or activities, and shall comply with the reporting,
24 audit, and compliance requirements established by the department.

25 **Sec. 8.** The department shall electronically submit an annual report
26 to the Clerk of the Legislature detailing the total amount of tax credits
27 issued, the total private capital mobilized, the total grant funds
28 awarded, the number and location of projects supported, the number of
29 eligible developers assisted, and the number of jobs created or retained.
30 The department shall also forward the annual report to the Commission on
31 African American Affairs, the Commission on Asian American Affairs, the

1 Commission on Indian Affairs, or the Commission on Latino-Americans, as
2 appropriate.

3 **Sec. 9.** The department may adopt and promulgate rules and
4 regulations necessary to carry out the purposes of the Disinvested
5 Community Development Incentive Tax Credit Act.

6 **Sec. 10.** This act becomes operative for taxable years beginning or
7 deemed to begin on or after January 1, 2026, under the Internal Revenue
8 Code of 1986, as amended.