

LEGISLATURE OF NEBRASKA  
ONE HUNDRED NINTH LEGISLATURE  
FIRST SESSION

**LEGISLATIVE BILL 157**

Introduced by Conrad, 46.

Read first time January 13, 2025

Committee: Revenue

1 A BILL FOR AN ACT relating to revenue and taxation; to amend section  
2 25-1553, Reissue Revised Statutes of Nebraska, and section  
3 77-2715.07, Revised Statutes Cumulative Supplement, 2024; to adopt  
4 the Child Tax Credit Act; to exempt certain tax credit refunds from  
5 claims of creditors; to harmonize provisions; and to repeal the  
6 original sections.

7 Be it enacted by the people of the State of Nebraska,

1           **Section 1.** Sections 1 to 5 of this act shall be known and may be  
2 cited as the Child Tax Credit Act.

3           **Sec. 2.** For purposes of the Child Tax Credit Act:

4           (1) Department means the Department of Revenue;

5           (2) Qualifying child means an individual who:

6           (a) Is six years of age or younger at the end of the taxable year;

7           (b) Is claimed as a dependent on the taxpayer's federal income tax  
8 return; and

9           (c) Has been issued either a social security number or an individual  
10 taxpayer identification number; and

11           (3) Taxpayer means an individual who is subject to the income tax  
12 imposed by the Nebraska Revenue Act of 1967.

13           **Sec. 3.** (1) For taxable years beginning or deemed to begin on or  
14 after January 1, 2026, under the Internal Revenue Code of 1986, as  
15 amended, any taxpayer with a qualifying child shall be eligible to  
16 receive a credit against the income tax imposed by the Nebraska Revenue  
17 Act of 1967.

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

20           (a) For taxpayers with a filing status of married filing jointly,  
21 the credit shall be equal to one thousand dollars per qualifying child,  
22 except that the credit amount shall be reduced, but not below zero, by  
23 five percent for each two thousand dollars, or fraction thereof, by which  
24 the taxpayer's federal adjusted gross income exceeds one hundred ten  
25 thousand dollars;

26           (b) For taxpayers with a filing status of head of household, the  
27 credit shall be equal to one thousand dollars per qualifying child,  
28 except that the credit amount shall be reduced, but not below zero, by  
29 five percent for each one thousand five hundred dollars, or fraction  
30 thereof, by which the taxpayer's federal adjusted gross income exceeds  
31 ninety-two thousand five hundred dollars; and

1       (c) For taxpayers with any other filing status, the credit shall be  
2 equal to one thousand dollars per qualifying child, except that the  
3 credit amount shall be reduced, but not below zero, by five percent for  
4 each one thousand dollars, or fraction thereof, by which the taxpayer's  
5 federal adjusted gross income exceeds seventy-five thousand dollars.

6       (3) For taxable years beginning or deemed to begin on or after  
7 January 1, 2027, under the Internal Revenue Code of 1986, as amended, the  
8 department shall adjust certain amounts in subsection (2) of this section  
9 for inflation by the same percentage used to adjust individual income tax  
10 brackets under section 77-2715.03. Such adjustment shall be made to:

11       (a) The tax credit amounts;

12       (b) The threshold amounts at which the tax credit amounts begin to  
13 be reduced; and

14       (c) The increments at which the tax credit amounts are reduced.

15       **Sec. 4.** Beginning in 2027, the department shall submit an annual  
16 report to the Legislature on the usage of credits under the Child Tax  
17 Credit Act. The report shall be submitted no later than July 15 of each  
18 year.

19       **Sec. 5.** The department may adopt and promulgate rules and  
20 regulations to carry out the Child Tax Credit Act.

21       **Sec. 6.** Section 25-1553, Reissue Revised Statutes of Nebraska, is  
22 amended to read:

23       25-1553 In bankruptcy and in the collection of a money judgment, the  
24 full amount of (1) any federal or state earned income tax credit refund  
25 and (2) any tax credit refund received under the Child Tax Credit Act  
26 shall be exempt from attachment, garnishment, or other legal or equitable  
27 process and from all claims of creditors.

28       **Sec. 7.** Section 77-2715.07, Revised Statutes Cumulative Supplement,  
29 2024, is amended to read:

30       77-2715.07 (1) There shall be allowed to qualified resident  
31 individuals as a nonrefundable credit against the income tax imposed by

1 the Nebraska Revenue Act of 1967:

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

4 (b) A credit for taxes paid to another state as provided in section  
5 77-2730.

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

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

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

1 eligibility for the federal credit;

2 (c) A refundable credit as provided in section 77-5209.01 for  
3 individuals who qualify for an income tax credit as a qualified beginning  
4 farmer or livestock producer under the Beginning Farmer Tax Credit Act  
5 for all taxable years beginning or deemed to begin on or after January 1,  
6 2006, under the Internal Revenue Code of 1986, as amended;

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

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

20 (3) There shall be allowed to all individuals as a nonrefundable  
21 credit against the income tax imposed by the Nebraska Revenue Act of  
22 1967:

23 (a) A credit for personal exemptions allowed under section  
24 77-2716.01;

25 (b) A credit for contributions to programs or projects certified for  
26 tax credit status as provided in the Creating High Impact Economic  
27 Futures Act. Each partner, each shareholder of an electing subchapter S  
28 corporation, each beneficiary of an estate or trust, or each member of a  
29 limited liability company shall report his or her share of the credit in  
30 the same manner and proportion as he or she reports the partnership,  
31 subchapter S corporation, estate, trust, or limited liability company

1 income;

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

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

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

8 (f) A credit to employers as provided in sections 77-27,238 and  
9 77-27,240;

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

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

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

15 (j) A credit as provided in the Nebraska Shortline Rail  
16 Modernization Act;

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

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

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

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

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

26 (c) A refundable credit for individuals who qualify for an income  
27 tax credit as an owner of agricultural assets under the Beginning Farmer  
28 Tax Credit Act for all taxable years beginning or deemed to begin on or  
29 after January 1, 2009, under the Internal Revenue Code of 1986, as  
30 amended. The credit allowed for each partner, shareholder, member, or  
31 beneficiary of a partnership, corporation, limited liability company, or

1 estate or trust qualifying for an income tax credit as an owner of  
2 agricultural assets under the Beginning Farmer Tax Credit Act shall be  
3 equal to the partner's, shareholder's, member's, or beneficiary's portion  
4 of the amount of tax credit distributed pursuant to subsection (6) of  
5 section 77-5211.

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

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

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

29 (6) There shall be allowed to all individuals nonrefundable credits  
30 against the income tax imposed by the Nebraska Revenue Act of 1967 as  
31 provided in section 77-3604 and refundable credits against the income tax

1 imposed by the Nebraska Revenue Act of 1967 as provided in section  
2 77-3605.

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

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

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

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

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

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

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

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

28 (8) There shall be allowed to all individuals refundable credits  
29 against the income tax imposed by the Nebraska Revenue Act of 1967 as  
30 provided in the Cast and Crew Nebraska Act, the Child Tax Credit Act, the  
31 Nebraska Biodiesel Tax Credit Act, the Nebraska Higher Blend Tax Credit



1 Act, the Nebraska Property Tax Incentive Act, the Relocation Incentive  
2 Act, and the Renewable Chemical Production Tax Credit Act.

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

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

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

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

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

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

16 (10) There shall be allowed to all individuals refundable credits  
17 against the income tax imposed by the Nebraska Revenue Act of 1967 as  
18 provided in section 77-7203 and nonrefundable credits against the income  
19 tax imposed by the Nebraska Revenue Act of 1967 as provided in section  
20 77-7204.

21 (11) There shall be allowed to all individuals refundable credits  
22 against the income tax imposed by the Nebraska Revenue Act of 1967 as  
23 provided in section 77-3157 and nonrefundable credits against the income  
24 tax imposed by the Nebraska Revenue Act of 1967 as provided in sections  
25 77-3156, 77-3158, and 77-3159.

26 **Sec. 8.** Original section 25-1553, Reissue Revised Statutes of  
27 Nebraska, and section 77-2715.07, Revised Statutes Cumulative Supplement,  
28 2024, are repealed.