

LEGISLATURE OF NEBRASKA
ONE HUNDRED NINTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 305

Introduced by Ibach, 44.

Read first time January 15, 2025

Committee: Revenue

- 1 A BILL FOR AN ACT relating to revenue and taxation; to amend section
- 2 77-2715.07, Revised Statutes Cumulative Supplement, 2024; to adopt
- 3 the Preceptorship Tax Credit Act; to harmonize provisions; and to
- 4 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 Preceptorship Tax Credit Act.

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

4 (1) Department means the Department of Revenue;

5 (2) Licensed physician means a person who is licensed to practice
6 medicine under the Medicine and Surgery Practice Act;

7 (3) Preceptor means a licensed physician that meets the
8 qualifications of a preceptorship program and participates in such
9 preceptorship program;

10 (4) Preceptorship program means an organized system of clinical
11 experience that, for the purpose of attaining specified learning
12 objectives, pairs an enrolled student of an accredited medical school in
13 the state with a preceptor; and

14 (5) Rural location means a county with less than one hundred
15 thousand residents.

16 **Sec. 3.** (1) For taxable years beginning or deemed to begin on or
17 after January 1, 2026, under the Internal Revenue Code of 1986, as
18 amended, a licensed physician participating as a preceptor in a
19 preceptorship program shall be eligible for a credit against the income
20 tax imposed by the Nebraska Revenue Act of 1967.

21 (2) The credit shall be a nonrefundable credit in an amount equal to
22 one thousand dollars for each rotation completed by the licensed
23 physician without compensation as a preceptor in a preceptorship program,
24 provided that each rotation consists of at least eighty or more hours of
25 clinical training.

26 (3) The maximum allowable amount of the credit in any single taxable
27 year for any single licensed physician is five thousand dollars.

28 **Sec. 4.** (1) A licensed physician shall apply for the credit allowed
29 under the Preceptorship Tax Credit Act by submitting an application to
30 the department on a form prescribed by the department. The application
31 shall include the following information:

1 (a) An affidavit verifying that the licensed physician served
2 without compensation as a preceptor in a preceptorship program and met
3 all other requirements set forth in the Preceptorship Tax Credit Act for
4 claiming the credit; and

5 (b) Any other documentation required by the department.

6 (2) If the department determines that an application is complete and
7 that the licensed physician qualifies for the credit, the department
8 shall approve the application within the limits and according to the
9 priorities set forth in this section and shall certify the amount of the
10 credit approved to the licensed physician.

11 (3) The department may approve up to one million dollars in credits
12 under the Preceptorship Tax Credit Act in any single fiscal year.
13 Priority for approval of credits under the act shall be given to licensed
14 physicians who participated as a preceptor in a preceptorship program in
15 a rural location. Once credits have reached the annual limit for any
16 fiscal year, no additional credits shall be allowed for such fiscal year.
17 Credits shall be prorated among the credit requests received on the day
18 the annual limit is exceeded.

19 **Sec. 5.** A credit allowed under the Preceptorship Tax Credit Act
20 shall not be transferred, sold, or assigned.

21 **Sec. 6.** The department may adopt and promulgate rules and
22 regulations to carry out the Preceptorship Tax Credit Act.

23 **Sec. 7.** Section 77-2715.07, Revised Statutes Cumulative Supplement,
24 2024, is amended to read:

25 77-2715.07 (1) There shall be allowed to qualified resident
26 individuals as a nonrefundable credit against the income tax imposed by
27 the Nebraska Revenue Act of 1967:

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

30 (b) A credit for taxes paid to another state as provided in section
31 77-2730.

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

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

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

28 (c) A refundable credit as provided in section 77-5209.01 for
29 individuals who qualify for an income tax credit as a qualified beginning
30 farmer or livestock producer under the Beginning Farmer Tax Credit Act
31 for all taxable years beginning or deemed to begin on or after January 1,

1 2006, under the Internal Revenue Code of 1986, as amended;

2 (d) A refundable credit for individuals who qualify for an income
3 tax credit under the Angel Investment Tax Credit Act, the Nebraska
4 Advantage Microenterprise Tax Credit Act, the Nebraska Advantage Research
5 and Development Act, the Reverse Osmosis System Tax Credit Act, or the
6 Volunteer Emergency Responders Incentive Act; and

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

15 (3) There shall be allowed to all individuals as a nonrefundable
16 credit against the income tax imposed by the Nebraska Revenue Act of
17 1967:

18 (a) A credit for personal exemptions allowed under section
19 77-2716.01;

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

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

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

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

3 (f) A credit to employers as provided in sections 77-27,238 and
4 77-27,240;

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

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

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

10 (j) A credit as provided in the Nebraska Shortline Rail
11 Modernization Act;

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

13 (l) A credit as provided in the Caregiver Tax Credit Act; ~~and~~ -

14 (m) A credit as provided in the Preceptorship Tax Credit Act.

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

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

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

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

1 section 77-5211.

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

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

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

25 (6) There shall be allowed to all individuals nonrefundable credits
26 against the income tax imposed by the Nebraska Revenue Act of 1967 as
27 provided in section 77-3604 and refundable credits against the income tax
28 imposed by the Nebraska Revenue Act of 1967 as provided in section
29 77-3605.

30 (7)(a) For taxable years beginning or deemed to begin on or after
31 January 1, 2020, and before January 1, 2026, under the Internal Revenue

1 Code of 1986, as amended, a nonrefundable credit against the income tax
2 imposed by the Nebraska Revenue Act of 1967 in the amount of five
3 thousand dollars shall be allowed to any individual who purchases a
4 residence during the taxable year if such residence:

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

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

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

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

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

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

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

24 (8) There shall be allowed to all individuals refundable credits
25 against the income tax imposed by the Nebraska Revenue Act of 1967 as
26 provided in the Cast and Crew Nebraska Act, the Nebraska Biodiesel Tax
27 Credit Act, the Nebraska Higher Blend Tax Credit Act, the Nebraska
28 Property Tax Incentive Act, the Relocation Incentive Act, and the
29 Renewable Chemical Production Tax Credit Act.

30 (9)(a) For taxable years beginning or deemed to begin on or after
31 January 1, 2022, under the Internal Revenue Code of 1986, as amended, a

1 refundable credit against the income tax imposed by the Nebraska Revenue
2 Act of 1967 shall be allowed to the parent of a stillborn child if:

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

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

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

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

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

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

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

22 **Sec. 8.** Original section 77-2715.07, Revised Statutes Cumulative
23 Supplement, 2024, is repealed.