

LEGISLATURE OF NEBRASKA
ONE HUNDRED NINTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 509

Introduced by Sorrentino, 39; Andersen, 49.

Read first time January 21, 2025

Committee: Revenue

1 A BILL FOR AN ACT relating to revenue and taxation; to amend sections
2 77-2715.07, 77-2717, and 77-2734.03, Revised Statutes Cumulative
3 Supplement, 2024; to adopt the Opportunity Scholarships Act; to
4 provide for tax credits; to harmonize provisions; to provide an
5 operative date; to provide severability; and to repeal the original
6 sections.

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

1 **Section 1.** Sections 1 to 13 of this act shall be known and may be
2 cited as the Opportunity Scholarships Act.

3 **Sec. 2.** The Legislature finds that:

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

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

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

12 (4) Making it possible for more parents and legal guardians to be
13 able to choose privately operated schools benefits Nebraska parents and
14 taxpayers; and

15 (5) It is in the best interests of the State of Nebraska and its
16 citizens to encourage individuals and businesses to support organizations
17 that financially assist parents and legal guardians who want to enroll
18 their children in privately operated elementary and secondary schools,
19 and such encouragement can be accomplished through the use of tax
20 credits.

21 **Sec. 3.** For purposes of the Opportunity Scholarships Act:

22 (1) Department means the Department of Revenue;

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

26 (3) Eligible student means a resident of Nebraska who:

27 (a) Is receiving an education scholarship for the first time and is
28 (i) entering kindergarten or ninth grade in a qualified school or the
29 first grade level offered by the qualified school, (ii) transferring from
30 a public school or exempt school at which the student was enrolled for at
31 least one semester immediately preceding the first semester for which the

1 student receives an education scholarship to a qualified school and is
2 entering any of grades kindergarten through twelve, or (iii) a member of
3 an active duty or reserve military family transferring into Nebraska from
4 another state or another country and is entering any of grades
5 kindergarten through twelve in a qualified school;

6 (b) Has previously received an education scholarship under the
7 Opportunity Scholarships Act and is continuing education at a qualified
8 school until such student graduates from high school or reaches twenty-
9 one years of age, whichever comes first;

10 (c) Has previously received an education scholarship under sections
11 77-7101 to 77-7113 or section 79-1608, as such sections existed prior to
12 their repeal, and is continuing education at a qualified school until
13 such student graduates from high school or reaches twenty-one years of
14 age, whichever comes first;

15 (d) Is the sibling of a student who is receiving an education
16 scholarship and resides in the same household as such student; or

17 (e) Is currently enrolled in a qualified school and is a member of a
18 family whose household income is no more than two hundred thirteen
19 percent of the federal poverty level;

20 (4) Qualified school means any nongovernmental, privately operated
21 elementary or secondary school located in this state that (a) is operated
22 not for profit, (b) complies with the antidiscrimination provisions of 42
23 U.S.C. 1981, as such section existed on January 1, 2025, (c) complies
24 with all health and life safety laws or codes that apply to privately
25 operated schools, and (d) fulfills the applicable accreditation or
26 approval requirements established by the State Board of Education
27 pursuant to section 79-318; and

28 (5) Scholarship-granting organization means a charitable
29 organization in this state (a) that is exempt from federal income
30 taxation pursuant to section 501(c)(3) of the Internal Revenue Code of
31 1986, as amended, (b) that is certified pursuant to section 4 of this act

1 to provide tax-credit-supported education scholarships to eligible
2 students to assist them in attending qualified schools, and (c) whose
3 primary purpose is the distribution of scholarships to eligible students.

4 **Sec. 4.** (1) An organization may apply to the department to become
5 certified as a scholarship-granting organization under the Opportunity
6 Scholarships Act. An organization shall obtain such certification prior
7 to providing any education scholarships to eligible students under the
8 act. The applicant shall provide the department with sufficient
9 information to show:

10 (a) That the applicant is exempt from federal income taxation under
11 section 501(c)(3) of the Internal Revenue Code of 1986, as amended;

12 (b) That the applicant will offer one or more education scholarship
13 programs for eligible students;

14 (c) That the applicant will be able to comply with the requirements
15 of section 10 of this act;

16 (d) That the applicant will provide education scholarships for
17 eligible students without limiting education scholarship availability to
18 only one qualified school;

19 (e) That the applicant will:

20 (i) Give first priority to:

21 (A) Eligible students who received an education scholarship under
22 the Opportunity Scholarships Act during the previous school year or
23 received an education scholarship under sections 77-7101 to 77-7113 or
24 section 79-1608, as such sections existed prior to their repeal; and

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

28 (ii) Give second priority to:

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

31 (B) Eligible students whose application for the enrollment option

1 program established in section 79-234 has been denied;

2 (C) Eligible students who have a special education plan outlining
3 the eligible student's learning needs and how they will receive
4 specialized instruction and support services;

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

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

9 (F) Eligible students who are in a family with a parent or guardian
10 in an active-duty role in a branch of the armed forces of the United
11 States or in the National Guard, or whose parent or guardian was killed
12 serving in the line of duty;

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

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

22 (f) That the applicant will limit the maximum scholarship amount
23 awarded to any student to the cost to educate an eligible student at a
24 qualified school; and

25 (g) That the applicant will limit scholarship amounts awarded to
26 students in a manner that assures that the average of the scholarship
27 amounts awarded per student does not exceed seventy-five percent of the
28 statewide average general fund operating expenditures per formula student
29 for the most recently available complete data year as such terms are
30 defined in section 79-1003.

31 (2) If the applicant meets the requirements of this section, the

1 department shall certify it as a scholarship-granting organization for
2 tax-credit purposes under the Opportunity Scholarships Act. Such
3 certification is subject to revocation by the department if the
4 scholarship-granting organization subsequently fails to fulfill the
5 requirements of this section or section 10 of this act.

6 **Sec. 5.** (1) An individual taxpayer who makes one or more cash
7 contributions to one or more scholarship-granting organizations during a
8 tax year shall be eligible for a credit against the income tax due under
9 the Nebraska Revenue Act of 1967. Except as otherwise provided in the
10 Opportunity Scholarships Act, the amount of the credit shall be equal to
11 whichever of the following amounts is the lowest: (a) The total amount of
12 such contributions made during the tax year; (b) fifty percent of the
13 income tax liability of such taxpayer for the tax year; or (c) one
14 hundred thousand dollars. A taxpayer may only claim a credit pursuant to
15 this section for the portion of the contribution that was not claimed as
16 a charitable contribution under the Internal Revenue Code.

17 (2) Taxpayers who are married but file separate returns for a tax
18 year in which they could have filed a joint return may each claim only
19 one-half of the tax credit that would otherwise have been allowed for a
20 joint return.

21 (3) The tax credit allowed under this section shall be a
22 nonrefundable credit. Any amount of the credit that is unused may be
23 carried forward and applied against the taxpayer's income tax liability
24 for the next five years immediately following the tax year in which the
25 credit is first allowed. The tax credit cannot be carried back.

26 (4) The taxpayer may not designate all or any part of the
27 contribution to a scholarship-granting organization for the benefit of
28 any eligible student specifically identified by the taxpayer.

29 (5) The tax credit allowed under this section is subject to section
30 9 of this act.

31 **Sec. 6.** (1) Any partnership, limited liability company, or

1 corporation having an election in effect under subchapter S of the
2 Internal Revenue Code of 1986, as amended, that is carrying on any trade
3 or business for which deductions would be allowed under section 162 of
4 the Internal Revenue Code of 1986, as amended, or is carrying on any
5 rental activity and that makes one or more cash contributions to one or
6 more scholarship-granting organizations during a tax year shall be
7 eligible for a credit against the income tax due under the Nebraska
8 Revenue Act of 1967. Except as otherwise provided in the Opportunity
9 Scholarships Act, the amount of the credit shall be equal to whichever of
10 the following amounts is the lowest: (a) The total amount of such
11 contributions made during the tax year; (b) fifty percent of the income
12 tax liability of such taxpayer for the tax year; or (c) one hundred
13 thousand dollars. A taxpayer may only claim a credit pursuant to this
14 section for the portion of the contribution that was not claimed as a
15 charitable contribution under the Internal Revenue Code. The credit shall
16 be attributed to each partner, member, or shareholder in the same
17 proportion used to report the partnership's, limited liability company's,
18 or subchapter S corporation's income or loss for income tax purposes.

19 (2) The tax credit allowed under this section shall be a
20 nonrefundable credit. Any amount of the tax credit that is unused may be
21 carried forward and applied against the taxpayer's income tax liability
22 for the next five years immediately following the tax year in which the
23 credit is first allowed. The tax credit cannot be carried back.

24 (3) The taxpayer may not designate all or any part of the
25 contribution to a scholarship-granting organization for the benefit of
26 any eligible student specifically identified by the taxpayer.

27 (4) The tax credit allowed under this section is subject to section
28 9 of this act.

29 **Sec. 7.** (1) An estate or trust which makes one or more cash
30 contributions to one or more scholarship-granting organizations during a
31 tax year shall be eligible for a credit against the income tax due under

1 the Nebraska Revenue Act of 1967. Except as otherwise provided in the
2 Opportunity Scholarships Act, the amount of the credit shall be equal to
3 whichever of the following amounts is the lowest: (a) The total amount of
4 such contributions made during the tax year; (b) fifty percent of the
5 income tax liability of such taxpayer for the tax year; or (c) one
6 million dollars. A taxpayer may only claim a credit pursuant to this
7 section for the portion of the contribution that was not claimed as a
8 charitable contribution under the Internal Revenue Code. Any credit not
9 used by the estate or trust may be attributed to each beneficiary of the
10 estate or trust in the same proportion used to report the beneficiary's
11 income from the estate or trust for income tax purposes.

12 (2) The tax credit allowed under this section shall be a
13 nonrefundable credit. Any amount of the tax credit that is unused may be
14 carried forward and applied against the taxpayer's income tax liability
15 for the next five years immediately following the tax year in which the
16 credit is first allowed. The tax credit cannot be carried back.

17 (3) The taxpayer may not designate all or any part of the
18 contribution to a scholarship-granting organization for the benefit of
19 any eligible student specifically identified by the taxpayer.

20 (4) The tax credit allowed under this section is subject to section
21 9 of this act.

22 **Sec. 8.** (1) A corporate taxpayer as defined in section 77-2734.04
23 which makes one or more cash contributions to one or more scholarship-
24 granting organizations during a tax year shall be eligible for a credit
25 against the income tax due under the Nebraska Revenue Act of 1967. Except
26 as otherwise provided in the Opportunity Scholarships Act, the amount of
27 the credit shall be equal to whichever of the following amounts is the
28 lowest: (a) The total amount of such contributions made during the tax
29 year; (b) fifty percent of the income tax liability of such taxpayer for
30 the tax year; or (c) one hundred thousand dollars. A taxpayer may only
31 claim a credit pursuant to this section for the portion of the

1 contribution that was not claimed as a charitable contribution under the
2 Internal Revenue Code.

3 (2) The tax credit allowed under this section shall be a
4 nonrefundable credit. Any amount of the tax credit that is unused may be
5 carried forward and applied against the taxpayer's income tax liability
6 for the next five years immediately following the tax year in which the
7 credit is first allowed. The tax credit cannot be carried back.

8 (3) The taxpayer may not designate all or any part of the
9 contribution to a scholarship-granting organization for the benefit of
10 any eligible student specifically identified by the taxpayer.

11 (4) The tax credit allowed under this section is subject to section
12 9 of this act.

13 **Sec. 9.** (1) Prior to making a contribution to a scholarship-
14 granting organization, any taxpayer desiring to claim a tax credit under
15 the Opportunity Scholarships Act shall notify the scholarship-granting
16 organization of the taxpayer's intent to make a contribution and the
17 amount to be claimed as a tax credit. Upon receiving each such
18 notification, the scholarship-granting organization shall notify the
19 department of the intended tax credit amount. If the department
20 determines that the intended tax credit amount in the notification would
21 exceed the limit specified in subsection (3) of this section, the
22 department shall notify the scholarship-granting organization of its
23 determination within thirty days after receipt of the notification. The
24 scholarship-granting organization shall then promptly notify the taxpayer
25 of the department's determination that the intended tax credit amount in
26 the notification is not available. If an amount less than the amount
27 indicated in the notification is available for a tax credit, the
28 department shall notify the scholarship-granting organization of the
29 available amount and the scholarship-granting organization shall notify
30 the taxpayer of the available amount within three business days.

31 (2) In order to be allowed a tax credit as provided by the act, the

1 taxpayer shall make its contribution between thirty-one and sixty days
2 after notifying the scholarship-granting organization of the taxpayer's
3 intent to make a contribution. If the scholarship-granting organization
4 does not receive the contribution within the required time period, it
5 shall notify the department of such fact and the department shall no
6 longer include such amount when calculating whether the limit prescribed
7 in subsection (3) of this section has been exceeded. If the scholarship-
8 granting organization receives the contribution within the required time
9 period, it shall provide the taxpayer with a receipt for the
10 contribution. The receipt shall show the name and address of the
11 scholarship-granting organization, the date the scholarship-granting
12 organization was certified by the department in accordance with section 4
13 of this act, the name, address, and, if available, tax identification
14 number of the taxpayer making the contribution, the amount of the
15 contribution, and the date the contribution was received.

16 (3) The department shall consider notifications regarding intended
17 tax credit amounts in the order in which they are received to ascertain
18 whether the intended tax credit amounts are within the annual limit
19 provided in this subsection. The annual limit on the total amount of tax
20 credits for calendar years 2025, 2026, and 2027 shall be twenty-five
21 million dollars. The annual limit on the total amount of tax credits for
22 calendar year 2028 and each calendar year thereafter shall be calculated
23 by taking the annual limit from the prior calendar year and then
24 multiplying such amount by (a) one hundred twenty-five percent if the
25 intended tax credit amounts in the prior calendar year exceeded ninety
26 percent of the annual limit applicable to that calendar year or (b) one
27 hundred percent if the intended tax credit amounts in the prior calendar
28 year did not exceed ninety percent of the annual limit applicable to that
29 calendar year. The annual limit may be increased as provided in this
30 subsection until it reaches one hundred million dollars. Thereafter, no
31 further increases shall be allowed.

1 (4) The State Department of Education and the Department of Revenue
2 shall publish on their respective websites information identifying the
3 annual limit when it is increased pursuant to subsection (3) of this
4 section.

5 (5) Once credits have reached the designated annual limit for any
6 calendar year, no additional credits shall be allowed for such calendar
7 year. Credits shall be prorated among the notifications received on the
8 day the annual limit is exceeded.

9 **Sec. 10.** (1) For purposes of this section:

10 (a) Net revenue means the total amount of revenue received by a
11 scholarship-granting organization during a state fiscal year minus the
12 amount of such revenue that is used or reserved for the administrative
13 costs of such organization for the same state fiscal year;

14 (b) Revenue means all grants, donations, and contributions received
15 by a scholarship-granting organization for the purpose of providing
16 education scholarships; and

17 (c) State fiscal year means the period of time commencing on July 1
18 and ending on June 30 of the following year.

19 (2) In order for a scholarship-granting organization to remain
20 certified under the Opportunity Scholarships Act, the scholarship-
21 granting organization shall allocate at least ninety percent of its
22 revenue for education scholarships and no more than ten percent of its
23 revenue shall be used or reserved for administrative costs.

24 (3) For purposes of subsection (2) of this section, revenue is
25 allocated when it is expended or otherwise irrevocably encumbered for
26 expenditure. The percentage of revenue allocated for education
27 scholarships shall be measured as a monthly average over the most recent
28 twenty-four-month period or, for a scholarship-granting organization that
29 has been certified for less than twenty-four months, over the period of
30 time that the scholarship-granting organization has been certified.

31 (4) Beginning January 1, 2028:

1 (a) A scholarship-granting organization shall carry forward no more
2 than twenty-five percent of its net revenue from one state fiscal year to
3 the following state fiscal year. Any amount carried forward shall be
4 expended for annual or partial-year education scholarships in the
5 following state fiscal year; and

6 (b) Any amount of net revenue remaining on June 30 of any state
7 fiscal year that is in excess of the amount that may be carried forward
8 under subdivision (a) of this subsection shall be used to provide
9 education scholarships to eligible students or transferred to one or more
10 other scholarship-granting organizations to provide education
11 scholarships to eligible students by no later than the following
12 September 30. Any amount of such net revenue that is not used or
13 transferred by the following September 30 shall be remitted to the State
14 Treasurer for credit to the General Fund. Any scholarship-granting
15 organization receiving a transfer pursuant to this subdivision shall
16 place the transferred funds into its scholarship account and shall
17 separately disclose the transfer in its annual financial audit.

18 **Sec. 11.** (1) Each scholarship-granting organization shall annually
19 submit to the department no later than December 1 of each year a
20 financial report showing how tax credits were used for the most recently
21 completed school year.

22 (2) Each scholarship-granting organization shall include with the
23 report submitted under subsection (1) of this section a summary
24 description of (a) its policies and procedures for awarding education
25 scholarships, (b) the number of eligible students receiving education
26 scholarships in the most recent fiscal year, (c) the total amount of
27 contributions received for education scholarships in the most recent
28 fiscal year, and (d) the total amount of education scholarships awarded
29 in the most recent fiscal year.

30 (3) The department shall electronically forward such reports and
31 summary descriptions to the Governor and the Legislature no later than

1 December 31 of each year.

2 (4) By June 30, 2027, and by June 30 of each odd-numbered year
3 thereafter, the department shall electronically submit a report to the
4 chairperson of the Appropriations Committee of the Legislature, the
5 chairperson of the Education Committee of the Legislature, and the
6 chairperson of the Revenue Committee of the Legislature. The report shall
7 include, but not be limited to, the following:

8 (a) A review of the progress of the Opportunity Scholarships Act;

9 (b) The number of students currently wait-listed or denied from
10 receiving an education scholarship and the reason for the wait-listing or
11 denial;

12 (c) The dollar amount of education scholarships given by
13 scholarship-granting organizations; and

14 (d) The demographic information of students receiving education
15 scholarships, including, but not limited to:

16 (i) Income level;

17 (ii) Grade level; and

18 (iii) Geographic location.

19 **Sec. 12.** The Opportunity Scholarships Act shall not be construed as
20 granting any expanded or additional authority to the State of Nebraska to
21 control or influence the governance or policies of any qualified school
22 due to the fact that the qualified school admits and enrolls students who
23 receive education scholarships or as requiring any such qualified school
24 to admit or, once admitted, to continue the enrollment of any student
25 receiving an education scholarship.

26 **Sec. 13.** The department may adopt and promulgate rules and
27 regulations to carry out the Opportunity Scholarships Act.

28 **Sec. 14.** 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; ~~and~~ -

19 (m) A credit as provided in the Opportunity Scholarships Act.

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

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

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

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

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

7 (5)(a) For all taxable years beginning on or after January 1, 2007,
8 and before January 1, 2009, under the Internal Revenue Code of 1986, as
9 amended, there shall be allowed to each partner, shareholder, member, or
10 beneficiary of a partnership, subchapter S corporation, limited liability
11 company, or estate or trust a nonrefundable credit against the income tax
12 imposed by the Nebraska Revenue Act of 1967 equal to fifty percent of the
13 partner's, shareholder's, member's, or beneficiary's portion of the
14 amount of franchise tax paid to the state under sections 77-3801 to
15 77-3807 by a financial institution.

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

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

30 (6) There shall be allowed to all individuals nonrefundable credits
31 against the income tax imposed by the Nebraska Revenue Act of 1967 as

1 provided in section 77-3604 and refundable credits against the income tax
2 imposed by the Nebraska Revenue Act of 1967 as provided in section
3 77-3605.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

17 (10) 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 77-7203 and nonrefundable credits against the income
20 tax imposed by the Nebraska Revenue Act of 1967 as provided in section
21 77-7204.

22 (11) There shall be allowed to all individuals refundable credits
23 against the income tax imposed by the Nebraska Revenue Act of 1967 as
24 provided in section 77-3157 and nonrefundable credits against the income
25 tax imposed by the Nebraska Revenue Act of 1967 as provided in sections
26 77-3156, 77-3158, and 77-3159.

27 **Sec. 15.** Section 77-2717, Revised Statutes Cumulative Supplement,
28 2024, is amended to read:

29 77-2717 (1)(a)(i) For taxable years beginning or deemed to begin
30 before January 1, 2014, the tax imposed on all resident estates and
31 trusts shall be a percentage of the federal taxable income of such

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

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

1 Advantage Research and Development Act, the Nebraska Biodiesel Tax Credit
2 Act, the Nebraska Higher Blend Tax Credit Act, the Nebraska Property Tax
3 Incentive Act, the Relocation Incentive Act, and the Renewable Chemical
4 Production Tax Credit Act. A nonrefundable income tax credit shall be
5 allowed for all resident estates and trusts as provided in the Nebraska
6 Job Creation and Mainstreet Revitalization Act, the New Markets Job
7 Growth Investment Act, the School Readiness Tax Credit Act, the Child
8 Care Tax Credit Act, the Affordable Housing Tax Credit Act, the
9 Sustainable Aviation Fuel Tax Credit Act, the Nebraska Shortline Rail
10 Modernization Act, the Nebraska Pregnancy Help Act, the Individuals with
11 Intellectual and Developmental Disabilities Support Act, the Opportunity
12 Scholarships Act, and sections 77-27,238, 77-27,240, and 77-27,241.

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

1 Development Act, the Nebraska Biodiesel Tax Credit Act, the Nebraska
2 Higher Blend Tax Credit Act, the Nebraska Property Tax Incentive Act, the
3 Relocation Incentive Act, and the Renewable Chemical Production Tax
4 Credit Act. A nonrefundable income tax credit shall be allowed for all
5 nonresident estates and trusts as provided in the Nebraska Job Creation
6 and Mainstreet Revitalization Act, the New Markets Job Growth Investment
7 Act, the School Readiness Tax Credit Act, the Child Care Tax Credit Act,
8 the Affordable Housing Tax Credit Act, the Sustainable Aviation Fuel Tax
9 Credit Act, the Nebraska Shortline Rail Modernization Act, the Nebraska
10 Pregnancy Help Act, the Individuals with Intellectual and Developmental
11 Disabilities Support Act, the Opportunity Scholarships Act, and sections
12 77-27,238, 77-27,240, and 77-27,241.

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

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

1 Act, the New Markets Job Growth Investment Act, the School Readiness Tax
2 Credit Act, the Child Care Tax Credit Act, the Affordable Housing Tax
3 Credit Act, the Nebraska Biodiesel Tax Credit Act, the Nebraska Higher
4 Blend Tax Credit Act, the Nebraska Property Tax Incentive Act, the
5 Relocation Incentive Act, the Renewable Chemical Production Tax Credit
6 Act, the Sustainable Aviation Fuel Tax Credit Act, the Nebraska Shortline
7 Rail Modernization Act, the Cast and Crew Nebraska Act, the Nebraska
8 Pregnancy Help Act, the Individuals with Intellectual and Developmental
9 Disabilities Support Act, the Opportunity Scholarships Act, and sections
10 77-27,238, 77-27,240, and 77-27,241. There shall be allowed to a
11 beneficiary a refundable income tax credit under the Beginning Farmer Tax
12 Credit Act for all taxable years beginning or deemed to begin on or after
13 January 1, 2001, under the Internal Revenue Code of 1986, as amended.

14 (4) If any beneficiary of such estate or trust is a nonresident
15 during any part of the estate's or trust's taxable year, he or she shall
16 file a Nebraska income tax return which shall include (a) in Nebraska
17 adjusted gross income that portion of the estate's or trust's Nebraska
18 income, as determined under sections 77-2724 and 77-2725, allocable to
19 his or her interest in the estate or trust and (b) a reduction of the
20 Nebraska tax liability by his or her proportionate share of the credits
21 as provided in the Angel Investment Tax Credit Act, the Nebraska
22 Advantage Microenterprise Tax Credit Act, the Nebraska Advantage Research
23 and Development Act, the Nebraska Job Creation and Mainstreet
24 Revitalization Act, the New Markets Job Growth Investment Act, the School
25 Readiness Tax Credit Act, the Child Care Tax Credit Act, the Affordable
26 Housing Tax Credit Act, the Nebraska Biodiesel Tax Credit Act, the
27 Nebraska Higher Blend Tax Credit Act, the Nebraska Property Tax Incentive
28 Act, the Relocation Incentive Act, the Renewable Chemical Production Tax
29 Credit Act, the Sustainable Aviation Fuel Tax Credit Act, the Nebraska
30 Shortline Rail Modernization Act, the Cast and Crew Nebraska Act, the
31 Nebraska Pregnancy Help Act, the Individuals with Intellectual and

1 Developmental Disabilities Support Act, the Opportunity Scholarships Act,
2 and sections 77-27,238, 77-27,240, and 77-27,241 and shall execute and
3 forward to the fiduciary, on or before the original due date of the
4 Nebraska fiduciary return, an agreement which states that he or she will
5 file a Nebraska income tax return and pay income tax on all income
6 derived from or connected with sources in this state, and such agreement
7 shall be attached to the Nebraska fiduciary return for such taxable year.

8 (5) In the absence of the nonresident beneficiary's executed
9 agreement being attached to the Nebraska fiduciary return, the estate or
10 trust shall remit a portion of such beneficiary's income which was
11 derived from or attributable to Nebraska sources with its Nebraska return
12 for the taxable year. For taxable years beginning or deemed to begin
13 before January 1, 2013, the amount of remittance, in such instance, shall
14 be the highest individual income tax rate determined under section
15 77-2715.02 multiplied by the nonresident beneficiary's share of the
16 estate or trust income which was derived from or attributable to sources
17 within this state. For taxable years beginning or deemed to begin on or
18 after January 1, 2013, the amount of remittance, in such instance, shall
19 be the highest individual income tax rate determined under section
20 77-2715.03 multiplied by the nonresident beneficiary's share of the
21 estate or trust income which was derived from or attributable to sources
22 within this state. The amount remitted shall be allowed as a credit
23 against the Nebraska income tax liability of the beneficiary.

24 (6) The Tax Commissioner may allow a nonresident beneficiary to not
25 file a Nebraska income tax return if the nonresident beneficiary's only
26 source of Nebraska income was his or her share of the estate's or trust's
27 income which was derived from or attributable to sources within this
28 state, the nonresident did not file an agreement to file a Nebraska
29 income tax return, and the estate or trust has remitted the amount
30 required by subsection (5) of this section on behalf of such nonresident
31 beneficiary. The amount remitted shall be retained in satisfaction of the

1 Nebraska income tax liability of the nonresident beneficiary.

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

9 (8) For purposes of this section, any beneficiary of an estate or
10 trust that is a grantor trust of a nonresident shall be disregarded and
11 this section shall apply as though the nonresident grantor was the
12 beneficiary.

13 **Sec. 16.** Section 77-2734.03, Revised Statutes Cumulative Supplement,
14 2024, is amended to read:

15 77-2734.03 (1)(a) For taxable years commencing prior to January 1,
16 1997, any (i) insurer paying a tax on premiums and assessments pursuant
17 to section 77-908 or 81-523, (ii) electric cooperative organized under
18 the Joint Public Power Authority Act, or (iii) credit union shall be
19 credited, in the computation of the tax due under the Nebraska Revenue
20 Act of 1967, with the amount paid during the taxable year as taxes on
21 such premiums and assessments and taxes in lieu of intangible tax.

22 (b) For taxable years commencing on or after January 1, 1997, any
23 insurer paying a tax on premiums and assessments pursuant to section
24 77-908 or 81-523, any electric cooperative organized under the Joint
25 Public Power Authority Act, or any credit union shall be credited, in the
26 computation of the tax due under the Nebraska Revenue Act of 1967, with
27 the amount paid during the taxable year as (i) taxes on such premiums and
28 assessments included as Nebraska premiums and assessments under section
29 77-2734.05 and (ii) taxes in lieu of intangible tax.

30 (c) For taxable years commencing or deemed to commence prior to, on,
31 or after January 1, 1998, any insurer paying a tax on premiums and

1 assessments pursuant to section 77-908 or 81-523 shall be credited, in
2 the computation of the tax due under the Nebraska Revenue Act of 1967,
3 with the amount paid during the taxable year as assessments allowed as an
4 offset against premium and related retaliatory tax liability pursuant to
5 section 44-4233.

6 (2) There shall be allowed to corporate taxpayers a tax credit for
7 contributions to programs or projects certified for tax credit status as
8 provided in the Creating High Impact Economic Futures Act.

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

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

17 (5) There shall be allowed to corporate taxpayers refundable income
18 tax credits under the Nebraska Advantage Microenterprise Tax Credit Act,
19 the Cast and Crew Nebraska Act, the Nebraska Advantage Research and
20 Development Act, the Nebraska Biodiesel Tax Credit Act, the Nebraska
21 Higher Blend Tax Credit Act, the Nebraska Property Tax Incentive Act, the
22 Relocation Incentive Act, and the Renewable Chemical Production Tax
23 Credit Act.

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

27 (7) There shall be allowed to corporate taxpayers a nonrefundable
28 income tax credit as provided in the Nebraska Job Creation and Mainstreet
29 Revitalization Act, the New Markets Job Growth Investment Act, the School
30 Readiness Tax Credit Act, the Child Care Tax Credit Act, the Affordable
31 Housing Tax Credit Act, the Sustainable Aviation Fuel Tax Credit Act, the

1 Nebraska Shortline Rail Modernization Act, the Nebraska Pregnancy Help
2 Act, the Individuals with Intellectual and Developmental Disabilities
3 Support Act, the Opportunity Scholarships Act, and sections 77-27,238,
4 77-27,240, and 77-27,241.

5 **Sec. 17.** This act becomes operative for all taxable years beginning
6 or deemed to begin on or after January 1, 2025, under the Internal
7 Revenue Code of 1986, as amended.

8 **Sec. 18.** If any section in this act or any part of any section is
9 declared invalid or unconstitutional, the declaration shall not affect
10 the validity or constitutionality of the remaining portions.

11 **Sec. 19.** Original sections 77-2715.07, 77-2717, and 77-2734.03,
12 Revised Statutes Cumulative Supplement, 2024, are repealed.