

LEGISLATURE OF NEBRASKA
ONE HUNDRED NINTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 643

Introduced by Prokop, 27.

Read first time January 22, 2025

Committee: Revenue

- 1 A BILL FOR AN ACT relating to revenue and taxation; to define terms; to
- 2 prohibit deductions relating to interest or taxes paid on or
- 3 maintenance of certain properties; and to provide exemptions to
- 4 prohibited deductions.
- 5 Be it enacted by the people of the State of Nebraska,

1 **Section 1.** (1) For purposes of this section:

2 (a)(i) Qualified nonprofit organization means any organization
3 which:

4 (A) Is not organized for profit; and

5 (B) Has as a principal purpose the creation, development, or
6 preservation of affordable housing.

7 (ii) Qualified nonprofit organization includes any:

8 (A) Community development corporation of the United States
9 Department of Veterans Affairs or the United States Department of Housing
10 and Urban Development;

11 (B) Community housing development organization as defined in section
12 104 of the Cranston-Gonzales National Affordable Housing Act, 42 U.S.C.
13 12704, as such section existed on January 1, 2025;

14 (C) Community-based development organization qualified under 24
15 C.F.R. 570.204, as such regulation existed on January 1, 2025;

16 (D) Land bank as created under the Nebraska Municipal Land Bank Act;

17 (E) Resident-owned cooperative;

18 (F) Subsidiary of a public housing agency as defined in section 3(b)
19 (6) of the United States Housing Act of 1937, 42 U.S.C. 1437a(b)(6), as
20 such section existed on January 1, 2025;

21 (G) Community land trust; and

22 (H) Project that qualifies under the Affordable Housing Tax Credit
23 Act; and

24 (b) Community land trust means a private nonprofit organization that
25 acquires and holds parcels of land in perpetuity and leases such parcels
26 for housing, often homeownership, and other community purposes that
27 benefit low-income and medium-income families and communities.

28 (2) For taxable years beginning or deemed to begin on or after
29 January 1, 2026, any person who owns directly or indirectly more than
30 thirty parcels of single-family residential property as defined in
31 section 77-3505.04 as investment or rental property shall not claim any

1 deductions from Nebraska income taxes relating to any interest or taxes
2 paid on or any maintenance of such property.

3 (3) This section shall not apply to any:

4 (a) Property of a person used as the principal residence of such
5 person;

6 (b) Property of a qualified nonprofit organization; or

7 (c) Person who sold at least:

8 (i) Ten percent of the single-family residential property that was
9 owned by such person on January 1 of any calendar year and such property
10 was sold during such year to buyers who will reside at such property; or

11 (ii) Five percent of the single-family residential property that was
12 owned by such person on January 1 of any calendar year and such
13 properties were sold during such year to first-time homebuyers as defined
14 in section 58-211.01.

15 (4) A person may appeal to the Department of Revenue that the
16 single-family residential property of such person was offered for sale at
17 a fair market rate for at least ninety days and there were no good faith
18 offers on such property. If such appeal is successful, such person may
19 claim deductions from Nebraska income taxes relating to any interest or
20 taxes paid on or any maintenance of such property.