

LEGISLATURE OF NEBRASKA
ONE HUNDRED NINTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 709

Introduced by Bostar, 29.

Read first time January 22, 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 Adoption Tax Credit Act; to harmonize provisions; and to repeal
- 4 the original section.
- 5 Be it enacted by the people of the State of Nebraska,

1 **Section 1.** Sections 1 to 3 of this act shall be known and may be
2 cited as the Adoption Tax Credit Act.

3 **Sec. 2.** (1) For taxable years beginning or deemed to begin on or
4 after January 1, 2026, under the Internal Revenue Code of 1986, as
5 amended, there shall be allowed a credit against the income tax imposed
6 by the Nebraska Revenue Act of 1967 for any taxpayer that is eligible for
7 the federal adoption expenses tax credit provided in 26 U.S.C. 23.

8 (2) The credit shall be a refundable credit equal to ten percent of
9 the federal tax credit allowed to the taxpayer under 26 U.S.C. 23 in the
10 same taxable year.

11 **Sec. 3.** The Department of Revenue may adopt and promulgate rules
12 and regulations to carry out the Adoption Tax Credit Act.

13 **Sec. 4.** Section 77-2715.07, Revised Statutes Cumulative Supplement,
14 2024, is amended to read:

15 77-2715.07 (1) There shall be allowed to qualified resident
16 individuals as a nonrefundable credit against the income tax imposed by
17 the Nebraska Revenue Act of 1967:

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

20 (b) A credit for taxes paid to another state as provided in section
21 77-2730.

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

24 (a) For returns filed reporting federal adjusted gross incomes of
25 greater than twenty-nine thousand dollars, a nonrefundable credit equal
26 to twenty-five percent of the federal credit allowed under section 21 of
27 the Internal Revenue Code of 1986, as amended, except that for taxable
28 years beginning or deemed to begin on or after January 1, 2015, such
29 nonrefundable credit shall be allowed only if the individual would have
30 received the federal credit allowed under section 21 of the code after
31 adding back in any carryforward of a net operating loss that was deducted

1 pursuant to such section in determining eligibility for the federal
2 credit;

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

18 (c) A refundable credit as provided in section 77-5209.01 for
19 individuals who qualify for an income tax credit as a qualified beginning
20 farmer or livestock producer under the Beginning Farmer Tax Credit Act
21 for all taxable years beginning or deemed to begin on or after January 1,
22 2006, under the Internal Revenue Code of 1986, as amended;

23 (d) A refundable credit for individuals who qualify for an income
24 tax credit under the Adoption Tax Credit Act, the Angel Investment Tax
25 Credit Act, the Nebraska Advantage Microenterprise Tax Credit Act, the
26 Nebraska Advantage Research and Development Act, the Reverse Osmosis
27 System Tax Credit Act, or the Volunteer Emergency Responders Incentive
28 Act; and

29 (e) A refundable credit equal to ten percent of the federal credit
30 allowed under section 32 of the Internal Revenue Code of 1986, as
31 amended, except that for taxable years beginning or deemed to begin on or

1 after January 1, 2015, such refundable credit shall be allowed only if
2 the individual would have received the federal credit allowed under
3 section 32 of the code after adding back in any carryforward of a net
4 operating loss that was deducted pursuant to such section in determining
5 eligibility for the federal credit.

6 (3) There shall be allowed to all individuals as a nonrefundable
7 credit against the income tax imposed by the Nebraska Revenue Act of
8 1967:

9 (a) A credit for personal exemptions allowed under section
10 77-2716.01;

11 (b) A credit for contributions to programs or projects certified for
12 tax credit status as provided in the Creating High Impact Economic
13 Futures Act. Each partner, each shareholder of an electing subchapter S
14 corporation, each beneficiary of an estate or trust, or each member of a
15 limited liability company shall report his or her share of the credit in
16 the same manner and proportion as he or she reports the partnership,
17 subchapter S corporation, estate, trust, or limited liability company
18 income;

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

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

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

25 (f) A credit to employers as provided in sections 77-27,238 and
26 77-27,240;

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

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

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

1 (j) A credit as provided in the Nebraska Shortline Rail
2 Modernization Act;

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

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

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

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

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

12 (c) A refundable credit for individuals who qualify for an income
13 tax credit as an owner of agricultural assets under the Beginning Farmer
14 Tax Credit Act for all taxable years beginning or deemed to begin on or
15 after January 1, 2009, under the Internal Revenue Code of 1986, as
16 amended. The credit allowed for each partner, shareholder, member, or
17 beneficiary of a partnership, corporation, limited liability company, or
18 estate or trust qualifying for an income tax credit as an owner of
19 agricultural assets under the Beginning Farmer Tax Credit Act shall be
20 equal to the partner's, shareholder's, member's, or beneficiary's portion
21 of the amount of tax credit distributed pursuant to subsection (6) of
22 section 77-5211.

23 (5)(a) For all taxable years beginning on or after January 1, 2007,
24 and before January 1, 2009, under the Internal Revenue Code of 1986, as
25 amended, there shall be allowed to each partner, shareholder, member, or
26 beneficiary of a partnership, subchapter S corporation, limited liability
27 company, or estate or trust a nonrefundable credit against the income tax
28 imposed by the Nebraska Revenue Act of 1967 equal to fifty percent of the
29 partner's, shareholder's, member's, or beneficiary's portion of the
30 amount of franchise tax paid to the state under sections 77-3801 to
31 77-3807 by a financial institution.

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

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

15 (6) There shall be allowed to all individuals nonrefundable credits
16 against the income tax imposed by the Nebraska Revenue Act of 1967 as
17 provided in section 77-3604 and refundable credits against the income tax
18 imposed by the Nebraska Revenue Act of 1967 as provided in section
19 77-3605.

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

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

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

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

31 (b) The credit provided in this subsection shall be claimed for the

1 taxable year in which the residence is purchased. If the individual
2 cannot fully utilize the credit for such year, the credit may be carried
3 forward to subsequent taxable years until fully utilized.

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

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

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

14 (8) There shall be allowed to all individuals refundable credits
15 against the income tax imposed by the Nebraska Revenue Act of 1967 as
16 provided in the Cast and Crew Nebraska Act, the Nebraska Biodiesel Tax
17 Credit Act, the Nebraska Higher Blend Tax Credit Act, the Nebraska
18 Property Tax Incentive Act, the Relocation Incentive Act, and the
19 Renewable Chemical Production Tax Credit Act.

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

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

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

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

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

31 (c) The credit shall be allowed for the taxable year in which the

1 stillbirth occurred.

2 (10) There shall be allowed to all individuals refundable credits
3 against the income tax imposed by the Nebraska Revenue Act of 1967 as
4 provided in section 77-7203 and nonrefundable credits against the income
5 tax imposed by the Nebraska Revenue Act of 1967 as provided in section
6 77-7204.

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

12 **Sec. 5.** Original section 77-2715.07, Revised Statutes Cumulative
13 Supplement, 2024, is repealed.