

LEGISLATURE OF NEBRASKA
ONE HUNDRED EIGHTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 211

Introduced by Blood, 3.

Read first time January 10, 2023

Committee: Revenue

- 1 A BILL FOR AN ACT relating to revenue and taxation; to amend section
- 2 77-2715.07, Revised Statutes Cumulative Supplement, 2022; to adopt
- 3 the Property Tax Circuit Breaker Act; to harmonize provisions; to
- 4 provide an operative date; and to 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 Property Tax Circuit Breaker Act.

3 Sec. 2. The purpose of the Property Tax Circuit Breaker Act is to
4 provide tax relief through a refundable income tax credit for taxpayers
5 with limited income available to pay property taxes.

6 Sec. 3. For purposes of the Property Tax Circuit Breaker Act:

7 (1) Agricultural land and horticultural land has the same meaning as
8 in section 77-1359;

9 (2) Department means the Department of Revenue;

10 (3) Qualifying agricultural taxpayer means an individual who owns
11 agricultural land and horticultural land that is located in this state
12 and that has been used as part of a farming operation which has federal
13 adjusted gross income of less than three hundred fifty thousand dollars
14 in the most recently completed taxable year; and

15 (4) Qualifying residential taxpayer means an individual who owns or
16 rents his or her principal residence in this state and who has federal
17 adjusted gross income of less than one hundred thousand dollars for a
18 married filing jointly taxpayer or fifty thousand dollars for any other
19 taxpayer.

20 Sec. 4. (1) A qualifying agricultural taxpayer may apply to the
21 department for a refundable income tax credit under the Property Tax
22 Circuit Breaker Act from January 1 to April 15 of 2024 and 2025. The
23 application shall be made on a form developed by the department and shall
24 include:

25 (a) The address of the qualifying agricultural taxpayer's
26 agricultural land and horticultural land;

27 (b) The amount of property taxes paid by the qualifying agricultural
28 taxpayer on the agricultural land and horticultural land during the most
29 recently completed taxable year;

30 (c) The federal adjusted gross income generated by the qualifying
31 agricultural taxpayer's farming operation for the most recently completed

1 taxable year; and

2 (d) Any other documentation required by the department.

3 (2) If the department determines that the qualifying agricultural
4 taxpayer qualifies for a tax credit under the act and that the
5 information in the application is correct, the department shall grant the
6 qualifying agricultural taxpayer a tax credit in an amount equal to the
7 amount of property taxes paid on the agricultural land and horticultural
8 land during the most recently completed taxable year minus seven percent
9 of the qualifying agricultural taxpayer's federal adjusted gross income
10 reported under subdivision (1)(c) of this section. The credit amount
11 shall not be less than zero. The department shall issue the qualifying
12 agricultural taxpayer a certification stating the amount of such credit
13 no later than December 31 of the year of application.

14 (3) The department may certify tax credits under this section of up
15 to seventy-four million dollars for each of the years 2024 and 2025. If
16 the total amount of tax credits calculated under subsection (2) of this
17 section for all applications received in any such year exceeds seventy-
18 four million dollars, the department shall certify tax credits in
19 proportionate percentages based upon the ratio of the amount of tax
20 credits requested in each application to the total amount of tax credits
21 requested in all applications so that the limitation in this subsection
22 is not exceeded.

23 (4) The qualifying agricultural taxpayer shall claim the tax credit
24 provided in this section by filing a form developed by the Tax
25 Commissioner and attaching the tax credit certification issued by the
26 department under this section. Such form and certification shall be filed
27 with the next income tax return filed by the qualifying agricultural
28 taxpayer after receiving the tax credit certification.

29 (5) Only one tax credit may be claimed under this section per parcel
30 of agricultural land and horticultural land.

31 Sec. 5. (1) A qualifying residential taxpayer may apply to the

1 department for a refundable income tax credit under the Property Tax
2 Circuit Breaker Act from January 1 to April 15 of 2024 and 2025. The
3 application shall be made on a form developed by the department and shall
4 include:

5 (a) The address of the qualifying residential taxpayer's principal
6 residence in this state;

7 (b)(i) If the qualifying residential taxpayer owns his or her
8 principal residence, the amount of property taxes paid by the qualifying
9 residential taxpayer on his or her principal residence during the most
10 recently completed taxable year; or

11 (ii) If the qualifying residential taxpayer rents his or her
12 principal residence, the amount of rent paid by the qualifying
13 residential taxpayer for the right to occupy his or her principal
14 residence during the most recently completed taxable year;

15 (c) The qualifying residential taxpayer's federal adjusted gross
16 income for the most recently completed taxable year;

17 (d) If the qualifying residential taxpayer owns his or her principal
18 residence, the assessed value of such residence used for determining the
19 property taxes paid during the most recently completed taxable year; and

20 (e) Any other documentation required by the department.

21 (2) If the department determines that the qualifying residential
22 taxpayer resided at the property described in the qualifying residential
23 taxpayer's application for at least six months of the most recently
24 completed taxable year, the department shall grant the qualifying
25 residential taxpayer a tax credit in an amount calculated pursuant to
26 this section and shall issue the qualifying residential taxpayer a
27 certification stating the amount of such credit no later than December 31
28 of the year of application.

29 (3)(a) For a qualifying residential taxpayer who paid property taxes
30 on his or her principal residence for the most recently completed taxable
31 year, the qualifying residential taxpayer shall be eligible for a credit,

1 subject to the limits described in subsections (5) and (6) of this
 2 section, equal to the amount by which the total amount of such property
 3 taxes paid on the principal residence exceeds the sum of the amounts
 4 calculated in subdivision (3)(b) of this section. For purposes of this
 5 subdivision, the amount of property taxes paid on a qualifying
 6 residential taxpayer's principal residence shall not exceed the amount of
 7 taxes paid on a residence with a taxable value equal to two hundred
 8 percent of the average assessed value of single-family residential
 9 property in the taxpayer's county of residence in the most recently
 10 completed taxable year as determined under section 77-3506.02.

11 (b) The amounts to be added together for purposes of subdivision (3)
 12 (a) of this section shall be determined from the following table:

		<u>For Married Filing</u>	<u>For All Other</u>
		<u>Jointly Taxpayers</u>	<u>Taxpayers</u>
15	<u>(i) 1% of the taxpayer's</u>	<u>\$0-14,000</u>	<u>\$0-7,000</u>
16	<u>federal adjusted gross</u>		
17	<u>income that falls</u>		
18	<u>within the following</u>		
19	<u>income bracket:</u>		
20	<u>(ii) 2% of the taxpayer's</u>	<u>\$14,001-</u>	<u>\$7,001-</u>
21	<u>federal adjusted gross</u>	<u>30,000</u>	<u>15,000</u>
22	<u>income that falls</u>		
23	<u>within the following</u>		
24	<u>income bracket:</u>		
25	<u>(iii) 3% of the taxpayer's</u>	<u>\$30,001-</u>	<u>\$15,001-</u>
26	<u>federal adjusted gross</u>	<u>50,000</u>	<u>25,000</u>
27	<u>income that falls</u>		
28	<u>within the following</u>		
29	<u>income bracket:</u>		
30	<u>(iv) 4% of the taxpayer's</u>	<u>\$50,001-</u>	<u>\$25,001-</u>

1		<u>federal adjusted gross</u>	<u>75,000</u>	<u>37,500</u>
2		<u>income that falls</u>		
3		<u>within the following</u>		
4		<u>income bracket:</u>		
5	(v)	<u>5% of the taxpayer's</u>	<u>\$75,001-</u>	<u>\$37,501-</u>
6		<u>federal adjusted gross</u>	<u>100,000</u>	<u>50,000</u>
7		<u>income that falls</u>		
8		<u>within the following</u>		
9		<u>income bracket:</u>		

10 (4)(a) For a qualifying residential taxpayer who paid rent for the
 11 right to occupy his or her principal residence for the most recently
 12 completed taxable year, the qualifying residential taxpayer shall be
 13 eligible for a credit, subject to the limits described in subsections (5)
 14 and (6) of this section, equal to the amount by which twenty percent of
 15 the total amount of rent paid exceeds the sum of the amounts calculated
 16 in subdivision (4)(b) of this section.

17 (b) The amounts to be added together for purposes of subdivision (4)
 18 (a) of this section shall be determined from the following table:

		<u>For Married Filing</u>	<u>For All Other</u>
		<u>Jointly Taxpayers</u>	<u>Taxpayers</u>
21	(i)	<u>1% of the taxpayer's</u>	<u>\$0-14,000</u>
22		<u>federal adjusted gross</u>	<u>\$0-7,000</u>
23		<u>income that falls within</u>	
24		<u>the following</u>	
25		<u>income bracket:</u>	
26	(ii)	<u>2% of the taxpayer's</u>	<u>\$14,001-</u>
27		<u>federal adjusted gross</u>	<u>\$7,001-</u>
28		<u>income that falls within</u>	<u>15,000</u>
29		<u>the following</u>	
30		<u>income bracket:</u>	

1 (iii) 3% of the taxpayer's \$30,001- \$15,001-
2 federal adjusted gross 50,000 25,000
3 income that falls within
4 the following
5 income bracket:

6 (iv) 4% of the taxpayer's \$50,001- \$25,001-
7 federal adjusted gross 75,000 37,500
8 income that falls within
9 the following
10 income bracket:

11 (v) 5% of the taxpayer's \$75,001- \$37,501-
12 federal adjusted gross 100,000 50,000
13 income that falls
14 within the following
15 income bracket:

16 (5) The credit allowed to a qualifying residential taxpayer under
17 this section for any taxable year shall not exceed the applicable amount
18 from the following table:

		<u>For Married Filing</u>	<u>For All Other</u>
		<u>Jointly Taxpayers</u>	<u>Taxpayers</u>

21 (a) \$1,200 if the taxpayer's \$0-14,000 \$0-7,000
22 total federal adjusted
23 gross income for the
24 taxable year falls
25 into the following
26 income bracket:

27 (b) \$900 if the taxpayer's \$14,001- \$7,001-
28 total federal adjusted 30,000 15,000
29 gross income for the
30 taxable year falls

1 into the following
2 income bracket:

3	(c)	<u>\$600 if the taxpayer's</u>	<u>\$30,001-</u>	<u>\$15,001-</u>
4		<u>total federal adjusted</u>	<u>50,000</u>	<u>25,000</u>
5		<u>gross income for the</u>		
6		<u>taxable year falls</u>		

7 into the following
8 income bracket:

9	(d)	<u>\$300 if the taxpayer's</u>	<u>\$50,001-</u>	<u>\$25,001-</u>
10		<u>total federal adjusted</u>	<u>100,000</u>	<u>50,000</u>
11		<u>gross income for the</u>		
12		<u>taxable year falls</u>		

13 into the following
14 income bracket:

15 (6) The department may certify tax credits under this section of up
16 to one hundred twenty-six million dollars for each of the years 2024 and
17 2025. If the total amount of tax credits calculated under this section
18 for all applications received in any such year exceeds one hundred
19 twenty-six million dollars, the department shall certify tax credits in
20 proportionate percentages based upon the ratio of the amount of tax
21 credits requested in each application to the total amount of tax credits
22 requested in all applications so that the limitation in this subsection
23 is not exceeded.

24 (7) The qualifying residential taxpayer shall claim the tax credit
25 provided in this section by filing a form developed by the Tax
26 Commissioner and attaching the tax credit certification issued by the
27 department under this section. Such form and certification shall be filed
28 with the next income tax return filed by the qualifying residential
29 taxpayer after receiving the tax credit certification.

30 (8) Any qualifying residential taxpayer who rents property that is
31 owned by a tax-exempt charitable organization or that is exempt in any

1 way from property taxation shall not be eligible to receive a tax credit
2 under this section.

3 (9) Only one tax credit may be claimed under this section per
4 residence.

5 Sec. 6. The department may adopt and promulgate rules and
6 regulations to carry out the Property Tax Circuit Breaker Act.

7 Sec. 7. Section 77-2715.07, Revised Statutes Cumulative Supplement,
8 2022, is amended to read:

9 77-2715.07 (1) There shall be allowed to qualified resident
10 individuals as a nonrefundable credit against the income tax imposed by
11 the Nebraska Revenue Act of 1967:

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

14 (b) A credit for taxes paid to another state as provided in section
15 77-2730.

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

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

28 (b) For returns filed reporting federal adjusted gross income of
29 twenty-nine thousand dollars or less, a refundable credit equal to a
30 percentage of the federal credit allowable under section 21 of the
31 Internal Revenue Code of 1986, as amended, whether or not the federal

1 credit was limited by the federal tax liability. The percentage of the
2 federal credit shall be one hundred percent for incomes not greater than
3 twenty-two thousand dollars, and the percentage shall be reduced by ten
4 percent for each one thousand dollars, or fraction thereof, by which the
5 reported federal adjusted gross income exceeds twenty-two thousand
6 dollars, except that for taxable years beginning or deemed to begin on or
7 after January 1, 2015, such refundable credit shall be allowed only if
8 the individual would have received the federal credit allowed under
9 section 21 of the code after adding back in any carryforward of a net
10 operating loss that was deducted pursuant to such section in determining
11 eligibility for the federal credit;

12 (c) A refundable credit as provided in section 77-5209.01 for
13 individuals who qualify for an income tax credit as a qualified beginning
14 farmer or livestock producer under the Beginning Farmer Tax Credit Act
15 for all taxable years beginning or deemed to begin on or after January 1,
16 2006, under the Internal Revenue Code of 1986, as amended;

17 (d) A refundable credit for individuals who qualify for an income
18 tax credit under the Angel Investment Tax Credit Act, the Nebraska
19 Advantage Microenterprise Tax Credit Act, the Nebraska Advantage Research
20 and Development Act, or the Volunteer Emergency Responders Incentive Act;
21 and

22 (e) A refundable credit equal to ten percent of the federal credit
23 allowed under section 32 of the Internal Revenue Code of 1986, as
24 amended, except that for taxable years beginning or deemed to begin on or
25 after January 1, 2015, such refundable credit shall be allowed only if
26 the individual would have received the federal credit allowed under
27 section 32 of the code after adding back in any carryforward of a net
28 operating loss that was deducted pursuant to such section in determining
29 eligibility for the federal credit.

30 (3) There shall be allowed to all individuals as a nonrefundable
31 credit against the income tax imposed by the Nebraska Revenue Act of

1 1967:

2 (a) A credit for personal exemptions allowed under section
3 77-2716.01;

4 (b) A credit for contributions to certified community betterment
5 programs as provided in the Community Development Assistance Act. Each
6 partner, each shareholder of an electing subchapter S corporation, each
7 beneficiary of an estate or trust, or each member of a limited liability
8 company shall report his or her share of the credit in the same manner
9 and proportion as he or she reports the partnership, subchapter S
10 corporation, estate, trust, or limited liability company income;

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

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

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

17 (f) A credit to employers as provided in sections 77-27,238 and
18 77-27,240; and

19 (g) A credit as provided in the Affordable Housing Tax Credit 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
25 certified community betterment programs as provided in the Community
26 Development Assistance 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; and -

7 (d) A refundable credit for individuals who qualify for an income
8 tax credit under the Property Tax Circuit Breaker Act.

9 (5)(a) For all taxable years beginning on or after January 1, 2007,
10 and before January 1, 2009, under the Internal Revenue Code of 1986, as
11 amended, there shall be allowed to each partner, shareholder, member, or
12 beneficiary of a partnership, subchapter S corporation, limited liability
13 company, or estate or trust a nonrefundable credit against the income tax
14 imposed by the Nebraska Revenue Act of 1967 equal to fifty percent of the
15 partner's, shareholder's, member's, or beneficiary's portion of the
16 amount of franchise tax paid to the state under sections 77-3801 to
17 77-3807 by a financial institution.

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

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

1 (6) There shall be allowed to all individuals nonrefundable credits
2 against the income tax imposed by the Nebraska Revenue Act of 1967 as
3 provided in section 77-3604 and refundable credits against the income tax
4 imposed by the Nebraska Revenue Act of 1967 as provided in section
5 77-3605.

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

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

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

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

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

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

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

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

31 (8) There shall be allowed to all individuals refundable credits

1 against the income tax imposed by the Nebraska Revenue Act of 1967 as
2 provided in the Nebraska Higher Blend Tax Credit Act, the Nebraska
3 Property Tax Incentive Act, and the Renewable Chemical Production Tax
4 Credit Act.

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

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

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

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

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

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

18 Sec. 8. This act becomes operative on January 1, 2024.

19 Sec. 9. Original section 77-2715.07, Revised Statutes Cumulative
20 Supplement, 2022, is repealed.