

LEGISLATURE OF NEBRASKA
ONE HUNDRED EIGHTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 242

Introduced by Briese, 41.

Read first time January 10, 2023

Committee: Revenue

- 1 A BILL FOR AN ACT relating to the Nebraska Property Tax Incentive Act; to
- 2 amend sections 77-6702 and 77-6703, Revised Statutes Cumulative
- 3 Supplement, 2022; to redefine a term; to change provisions relating
- 4 to the amount of tax credits for school district taxes; and to
- 5 repeal the original sections.
- 6 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 77-6702, Revised Statutes Cumulative Supplement,
2 2022, is amended to read:

3 77-6702 For purposes of the Nebraska Property Tax Incentive Act:

4 (1) Allowable growth percentage means the percentage increase, if
5 any, in the total assessed value of all real property in the state from
6 the prior year to the current year, as determined by the department,
7 ~~except that in no case shall the allowable growth percentage exceed five~~
8 ~~percent in any one year;~~

9 (2) Community college taxes means property taxes levied on real
10 property in this state by a community college area, excluding any
11 property taxes levied for bonded indebtedness and any property taxes
12 levied as a result of an override of limits on property tax levies
13 approved by voters pursuant to section 77-3444;

14 (3) Department means the Department of Revenue;

15 (4) Eligible taxpayer means any individual, corporation,
16 partnership, limited liability company, trust, estate, or other entity
17 that pays school district taxes or community college taxes during a
18 taxable year; and

19 (5) School district taxes means property taxes levied on real
20 property in this state by a school district or multiple-district school
21 system, excluding any property taxes levied for bonded indebtedness and
22 any property taxes levied as a result of an override of limits on
23 property tax levies approved by voters pursuant to section 77-3444.

24 Sec. 2. Section 77-6703, Revised Statutes Cumulative Supplement,
25 2022, is amended to read:

26 77-6703 (1) For taxable years beginning or deemed to begin on or
27 after January 1, 2020, under the Internal Revenue Code of 1986, as
28 amended, there shall be allowed to each eligible taxpayer a refundable
29 credit against the income tax imposed by the Nebraska Revenue Act of 1967
30 or against the franchise tax imposed by sections 77-3801 to 77-3807. The
31 credit shall be equal to the credit percentage for the taxable year, as

1 set by the department under subsection (2) of this section, multiplied by
2 the amount of school district taxes paid by the eligible taxpayer during
3 such taxable year.

4 (2)(a) For taxable years beginning or deemed to begin during
5 calendar year 2020, the department shall set the credit percentage so
6 that the total amount of credits for such taxable years shall be one
7 hundred twenty-five million dollars;

8 (b) For taxable years beginning or deemed to begin during calendar
9 year 2021, the department shall set the credit percentage so that the
10 total amount of credits for such taxable years shall be one hundred
11 twenty-five million dollars plus either (i) the amount calculated for
12 such calendar year under subdivision (3)(b)(ii)(B) of section 77-4602 or
13 (ii) the amount calculated for such calendar year under subdivision (3)
14 (c)(ii)(B) of section 77-4602, whichever is applicable;

15 (c) For taxable years beginning or deemed to begin during calendar
16 year 2022, the department shall set the credit percentage so that the
17 total amount of credits for such taxable years shall be five hundred
18 forty-eight million dollars;

19 (d) For taxable years beginning or deemed to begin during calendar
20 year 2023, the department shall set the credit percentage so that the
21 total amount of credits for such taxable years shall be five hundred
22 sixty million seven hundred thousand dollars; ~~and~~

23 (e) For taxable years beginning or deemed to begin during calendar
24 year 2024, the department shall set the credit percentage so that the
25 total amount of credits for such taxable years shall be one billion
26 dollars; and

27 (f) (e) For taxable years beginning or deemed to begin during
28 calendar year 2025 ~~2024~~ and each calendar year thereafter, the department
29 shall set the credit percentage so that the total amount of credits for
30 such taxable years shall be the maximum amount of credits allowed in the
31 prior year increased by the allowable growth percentage.

1 (3) If the school district taxes are paid by a corporation having an
2 election in effect under subchapter S of the Internal Revenue Code, a
3 partnership, a limited liability company, a trust, or an estate, the
4 amount of school district taxes paid during the taxable year may be
5 allocated to the shareholders, partners, members, or beneficiaries in the
6 same proportion that income is distributed for taxable years beginning or
7 deemed to begin before January 1, 2021, under the Internal Revenue Code
8 of 1986, as amended. The department shall provide forms and schedules
9 necessary for verifying eligibility for the credit provided in this
10 section and for allocating the school district taxes paid. For taxable
11 years beginning or deemed to begin on or after January 1, 2021, under the
12 Internal Revenue Code of 1986, as amended, the refundable credit shall be
13 claimed by the corporation having an election in effect under subchapter
14 S of the Internal Revenue Code, the partnership, the limited liability
15 company, the trust, or the estate that paid the school district taxes.

16 (4) For any fiscal year or short year taxpayer, the credit may be
17 claimed in the first taxable year that begins following the calendar year
18 for which the credit percentage was determined. The credit shall be taken
19 for the school district taxes paid by the taxpayer during the immediately
20 preceding calendar year.

21 (5) For the first taxable year beginning or deemed to begin on or
22 after January 1, 2021, and before January 1, 2022, under the Internal
23 Revenue Code of 1986, as amended, for a corporation having an election in
24 effect under subchapter S of the Internal Revenue Code, a partnership, a
25 limited liability company, a trust, or an estate that paid school
26 district taxes in calendar year 2020 but did not claim the credit
27 directly or allocate such school district taxes to the shareholders,
28 partners, members, or beneficiaries as permitted under subsection (3) of
29 this section, there shall be allowed an additional refundable credit.
30 This credit shall be equal to six percent, multiplied by the amount of
31 school district taxes paid during 2020 by the eligible taxpayer.

1 Sec. 3. Original sections 77-6702 and 77-6703, Revised Statutes
2 Cumulative Supplement, 2022, are repealed.