

LEGISLATURE OF NEBRASKA  
ONE HUNDRED SEVENTH LEGISLATURE  
SECOND SESSION

**LEGISLATIVE BILL 687**

Introduced by Blood, 3.

Read first time January 05, 2022

Committee: Revenue

- 1 A BILL FOR AN ACT relating to revenue and taxation; to amend section
- 2 77-2715.07, Revised Statutes Supplement, 2021; to adopt the Property
- 3 Tax Circuit Breaker Act; to harmonize provisions; to provide an
- 4 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 2023 and 2024. 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 2023 and 2024. 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 2023 and 2024. 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                   federal adjusted gross                   75,000                   37,500  
 2                           income that falls  
 3                           within the following  
 4                           income bracket:

5           (v)       5% of the taxpayer's           \$75,001 -           \$37,501 -  
 6                   federal adjusted gross           100,000           50,000

7                           income that falls  
 8                           within the following  
 9                           income bracket:

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>	<u>\$0 - 7,000</u>
22		<u>federal adjusted gross</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>	<u>\$7,001 -</u>
27		<u>federal adjusted gross</u>	<u>30,000</u>	<u>15,000</u>

28                   income that falls within  
 29                           the following  
 30                           income bracket:

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)       \$600 if the taxpayer's           \$30,001 -           \$15,001 -

4                   total federal adjusted           50,000           25,000

5                   gross income for the

6                   taxable year falls

7                   into the following

8                   income bracket:

9           (d)       \$300 if the taxpayer's           \$50,001 -           \$25,001 -

10                  total federal adjusted           100,000           50,000

11                  gross income for the

12                  taxable year falls

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 2023 and  
17 2024. 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 Supplement, 2021, is  
8 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 section 77-27,238; and

18 (g) A credit as provided in the Affordable Housing Tax Credit Act.

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

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

23 (b) A credit to all estates and trusts for contributions to  
24 certified community betterment programs as provided in the Community  
25 Development Assistance Act;~~and~~

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

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

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

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

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

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

31 (6) There shall be allowed to all individuals nonrefundable credits

1 against the income tax imposed by the Nebraska Revenue Act of 1967 as  
2 provided in section 77-3604 and refundable credits against the income tax  
3 imposed by the Nebraska Revenue Act of 1967 as provided in section  
4 77-3605.

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

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

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

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

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

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

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

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

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

1 provided in the Nebraska Property Tax Incentive Act and the Renewable  
2 Chemical Production Tax Credit Act.

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

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

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

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

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

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

16 Sec. 8. This act becomes operative on January 1, 2023.

17 Sec. 9. Original section 77-2715.07, Revised Statutes Supplement,  
18 2021, is repealed.