

LEGISLATURE OF NEBRASKA  
ONE HUNDRED EIGHTH LEGISLATURE  
SECOND SESSION

**LEGISLATIVE BILL 1324**

Introduced by Conrad, 46.

Read first time January 17, 2024

Committee: Revenue

1 A BILL FOR AN ACT relating to revenue and taxation; to amend section  
2 25-1553, Reissue Revised Statutes of Nebraska, and section  
3 77-2715.07, Revised Statutes Supplement, 2023; to adopt the Child  
4 Tax Credit Act; to exempt certain tax credit refunds from claims of  
5 creditors; to harmonize provisions; and to repeal the original  
6 sections.

7 Be it enacted by the people of the State of Nebraska,

1           Section 1. Sections 1 to 5 of this act shall be known and may be  
2 cited as the Child Tax Credit Act.

3           Sec. 2. For purposes of the Child Tax Credit Act:

4           (1) Department means the Department of Revenue;

5           (2) Qualifying child means an individual who:

6           (a) Is six years of age or younger at the end of the taxable year;

7           (b) Is claimed as a dependent on the taxpayer's federal income tax  
8 return; and

9           (c) Has been issued either a social security number or an individual  
10 taxpayer identification number; and

11           (3) Taxpayer means an individual who is subject to the income tax  
12 imposed by the Nebraska Revenue Act of 1967.

13           Sec. 3. (1) For taxable years beginning or deemed to begin on or  
14 after January 1, 2025, under the Internal Revenue Code of 1986, as  
15 amended, any taxpayer with a qualifying child shall be eligible to  
16 receive a credit against the income tax imposed by the Nebraska Revenue  
17 Act of 1967.

18           (2) The credit provided in this section shall be a refundable credit  
19 in an amount calculated as follows:

20           (a) For taxpayers with a filing status of married filing jointly,  
21 the credit shall be equal to one thousand dollars per qualifying child,  
22 except that the credit amount shall be reduced, but not below zero, by  
23 five percent for each two thousand dollars, or fraction thereof, by which  
24 the taxpayer's federal adjusted gross income exceeds one hundred ten  
25 thousand dollars;

26           (b) For taxpayers with a filing status of head of household, the  
27 credit shall be equal to one thousand dollars per qualifying child,  
28 except that the credit amount shall be reduced, but not below zero, by  
29 five percent for each one thousand five hundred dollars, or fraction  
30 thereof, by which the taxpayer's federal adjusted gross income exceeds  
31 ninety-two thousand five hundred dollars; and

1        (c) For taxpayers with any other filing status, the credit shall be  
2 equal to one thousand dollars per qualifying child, except that the  
3 credit amount shall be reduced, but not below zero, by five percent for  
4 each one thousand dollars, or fraction thereof, by which the taxpayer's  
5 federal adjusted gross income exceeds seventy-five thousand dollars.

6        (3) For taxable years beginning or deemed to begin on or after  
7 January 1, 2026, under the Internal Revenue Code of 1986, as amended, the  
8 department shall adjust the amounts in subsection (2) of this section for  
9 inflation by the same percentage used to adjust individual income tax  
10 brackets under section 77-2715.03. Such adjustment shall be made to:

11        (a) The tax credit amounts;

12        (b) The threshold amounts at which the tax credit amounts begin to  
13 be reduced; and

14        (c) The increments at which the tax credit amounts are reduced.

15        Sec. 4. Beginning in 2026, the department shall submit an annual  
16 report to the Legislature on the usage of credits under the Child Tax  
17 Credit Act. The report shall be submitted no later than July 15 of each  
18 year.

19        Sec. 5. The department may adopt and promulgate rules and  
20 regulations to carry out the Child Tax Credit Act.

21        Sec. 6. Section 25-1553, Reissue Revised Statutes of Nebraska, is  
22 amended to read:

23        25-1553 In bankruptcy and in the collection of a money judgment, the  
24 full amount of (1) any federal or state earned income tax credit refund  
25 and (2) any tax credit refund received under the Child Tax Credit Act  
26 shall be exempt from attachment, garnishment, or other legal or equitable  
27 process and from all claims of creditors.

28        Sec. 7. Section 77-2715.07, Revised Statutes Supplement, 2023, is  
29 amended to read:

30        77-2715.07 (1) There shall be allowed to qualified resident  
31 individuals as a nonrefundable credit against the income tax imposed by

1 the Nebraska Revenue Act of 1967:

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

4 (b) A credit for taxes paid to another state as provided in section  
5 77-2730.

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

8 (a) For returns filed reporting federal adjusted gross incomes of  
9 greater than twenty-nine thousand dollars, a nonrefundable credit equal  
10 to twenty-five percent of the federal credit allowed under section 21 of  
11 the Internal Revenue Code of 1986, as amended, except that for taxable  
12 years beginning or deemed to begin on or after January 1, 2015, such  
13 nonrefundable credit shall be allowed only if the individual would have  
14 received the federal credit allowed under section 21 of the code after  
15 adding back in any carryforward of a net operating loss that was deducted  
16 pursuant to such section in determining eligibility for the federal  
17 credit;

18 (b) For returns filed reporting federal adjusted gross income of  
19 twenty-nine thousand dollars or less, a refundable credit equal to a  
20 percentage of the federal credit allowable under section 21 of the  
21 Internal Revenue Code of 1986, as amended, whether or not the federal  
22 credit was limited by the federal tax liability. The percentage of the  
23 federal credit shall be one hundred percent for incomes not greater than  
24 twenty-two thousand dollars, and the percentage shall be reduced by ten  
25 percent for each one thousand dollars, or fraction thereof, by which the  
26 reported federal adjusted gross income exceeds twenty-two thousand  
27 dollars, except that for taxable years beginning or deemed to begin on or  
28 after January 1, 2015, such refundable credit shall be allowed only if  
29 the individual would have received the federal credit allowed under  
30 section 21 of the code after adding back in any carryforward of a net  
31 operating loss that was deducted pursuant to such section in determining

1 eligibility for the federal credit;

2 (c) A refundable credit as provided in section 77-5209.01 for  
3 individuals who qualify for an income tax credit as a qualified beginning  
4 farmer or livestock producer under the Beginning Farmer Tax Credit Act  
5 for all taxable years beginning or deemed to begin on or after January 1,  
6 2006, under the Internal Revenue Code of 1986, as amended;

7 (d) A refundable credit for individuals who qualify for an income  
8 tax credit under the Angel Investment Tax Credit Act, the Nebraska  
9 Advantage Microenterprise Tax Credit Act, the Nebraska Advantage Research  
10 and Development Act, or the Volunteer Emergency Responders Incentive Act;  
11 and

12 (e) A refundable credit equal to ten percent of the federal credit  
13 allowed under section 32 of the Internal Revenue Code of 1986, as  
14 amended, except that for taxable years beginning or deemed to begin on or  
15 after January 1, 2015, such refundable credit shall be allowed only if  
16 the individual would have received the federal credit allowed under  
17 section 32 of the code after adding back in any carryforward of a net  
18 operating loss that was deducted pursuant to such section in determining  
19 eligibility for the federal credit.

20 (3) There shall be allowed to all individuals as a nonrefundable  
21 credit against the income tax imposed by the Nebraska Revenue Act of  
22 1967:

23 (a) A credit for personal exemptions allowed under section  
24 77-2716.01;

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

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

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

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

7 (f) A credit to employers as provided in sections 77-27,238 and  
8 77-27,240;

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

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

12 (i) A credit as provided in the Opportunity Scholarships Act.

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

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

17 (b) A credit to all estates and trusts for contributions to  
18 certified community betterment programs as provided in the Community  
19 Development Assistance Act; and

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

31 (5)(a) For all taxable years beginning on or after January 1, 2007,

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

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

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

23 (6) There shall be allowed to all individuals nonrefundable credits  
24 against the income tax imposed by the Nebraska Revenue Act of 1967 as  
25 provided in section 77-3604 and refundable credits against the income tax  
26 imposed by the Nebraska Revenue Act of 1967 as provided in section  
27 77-3605.

28 (7)(a) For taxable years beginning or deemed to begin on or after  
29 January 1, 2020, and before January 1, 2026, under the Internal Revenue  
30 Code of 1986, as amended, a nonrefundable credit against the income tax  
31 imposed by the Nebraska Revenue Act of 1967 in the amount of five

1 thousand dollars shall be allowed to any individual who purchases a  
2 residence during the taxable year if such residence:

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

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

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

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

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

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

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

22 (8) There shall be allowed to all individuals refundable credits  
23 against the income tax imposed by the Nebraska Revenue Act of 1967 as  
24 provided in the Child Tax Credit Act, the Nebraska Biodiesel Tax Credit  
25 Act, the Nebraska Higher Blend Tax Credit Act, the Nebraska Property Tax  
26 Incentive Act, and the Renewable Chemical Production Tax Credit Act.

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

31 (i) A fetal death certificate is filed pursuant to subsection (1) of



1 section 71-606 for such child;

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

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

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

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

9 (10) There shall be allowed to all individuals refundable credits  
10 against the income tax imposed by the Nebraska Revenue Act of 1967 as  
11 provided in section 77-7203 and nonrefundable credits against the income  
12 tax imposed by the Nebraska Revenue Act of 1967 as provided in section  
13 77-7204.

14 Sec. 8. Original section 25-1553, Reissue Revised Statutes of  
15 Nebraska, and section 77-2715.07, Revised Statutes Supplement, 2023, are  
16 repealed.