

LEGISLATURE OF NEBRASKA  
ONE HUNDRED NINTH LEGISLATURE  
FIRST SESSION

**LEGISLATIVE BILL 509**

Introduced by Sorrentino, 39; Andersen, 49.

Read first time January 21, 2025

Committee:

- 1 A BILL FOR AN ACT relating to revenue and taxation; to amend sections
- 2 77-2715.07, 77-2717, and 77-2734.03, Revised Statutes Cumulative
- 3 Supplement, 2024; to adopt the Opportunity Scholarships Act; to
- 4 provide for tax credits; to harmonize provisions; to provide an
- 5 operative date; to provide severability; 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 13 of this act shall be known and may be  
2 cited as the Opportunity Scholarships Act.

3           **Sec. 2.** The Legislature finds that:

4           (1) Enabling the greatest number of parents and legal guardians to  
5 choose among quality educational opportunities for children will improve  
6 the quality of education available to all children;

7           (2) Privately operated elementary and secondary schools in Nebraska  
8 satisfy the state's requirements for legal operation and provide quality  
9 educational opportunities for children;

10          (3) Parents and legal guardians of limited means are less able to  
11 choose among quality educational opportunities for their children;

12          (4) Making it possible for more parents and legal guardians to be  
13 able to choose privately operated schools benefits Nebraska parents and  
14 taxpayers; and

15          (5) It is in the best interests of the State of Nebraska and its  
16 citizens to encourage individuals and businesses to support organizations  
17 that financially assist parents and legal guardians who want to enroll  
18 their children in privately operated elementary and secondary schools,  
19 and such encouragement can be accomplished through the use of tax  
20 credits.

21          **Sec. 3.** For purposes of the Opportunity Scholarships Act:

22          (1) Department means the Department of Revenue;

23          (2) Education scholarship means a financial grant-in-aid to be used  
24 to pay all or part of the cost to educate an eligible student attending a  
25 qualified school;

26          (3) Eligible student means a resident of Nebraska who:

27          (a) Is receiving an education scholarship for the first time and is  
28 (i) entering kindergarten or ninth grade in a qualified school or the  
29 first grade level offered by the qualified school, (ii) transferring from  
30 a public school or exempt school at which the student was enrolled for at  
31 least one semester immediately preceding the first semester for which the

1 student receives an education scholarship to a qualified school and is  
2 entering any of grades kindergarten through twelve, or (iii) a member of  
3 an active duty or reserve military family transferring into Nebraska from  
4 another state or another country and is entering any of grades  
5 kindergarten through twelve in a qualified school;

6 (b) Has previously received an education scholarship under the  
7 Opportunity Scholarships Act and is continuing education at a qualified  
8 school until such student graduates from high school or reaches twenty-  
9 one years of age, whichever comes first;

10 (c) Has previously received an education scholarship under sections  
11 77-7101 to 77-7113 or section 79-1608, as such sections existed prior to  
12 their repeal, and is continuing education at a qualified school until  
13 such student graduates from high school or reaches twenty-one years of  
14 age, whichever comes first;

15 (d) Is the sibling of a student who is receiving an education  
16 scholarship and resides in the same household as such student; or

17 (e) Is currently enrolled in a qualified school and is a member of a  
18 family whose household income is no more than two hundred thirteen  
19 percent of the federal poverty level;

20 (4) Qualified school means any nongovernmental, privately operated  
21 elementary or secondary school located in this state that (a) is operated  
22 not for profit, (b) complies with the antidiscrimination provisions of 42  
23 U.S.C. 1981, as such section existed on January 1, 2025, (c) complies  
24 with all health and life safety laws or codes that apply to privately  
25 operated schools, and (d) fulfills the applicable accreditation or  
26 approval requirements established by the State Board of Education  
27 pursuant to section 79-318; and

28 (5) Scholarship-granting organization means a charitable  
29 organization in this state (a) that is exempt from federal income  
30 taxation pursuant to section 501(c)(3) of the Internal Revenue Code of  
31 1986, as amended, (b) that is certified pursuant to section 4 of this act

1 to provide tax-credit-supported education scholarships to eligible  
2 students to assist them in attending qualified schools, and (c) whose  
3 primary purpose is the distribution of scholarships to eligible students.

4 **Sec. 4.** (1) An organization may apply to the department to become  
5 certified as a scholarship-granting organization under the Opportunity  
6 Scholarships Act. An organization shall obtain such certification prior  
7 to providing any education scholarships to eligible students under the  
8 act. The applicant shall provide the department with sufficient  
9 information to show:

10 (a) That the applicant is exempt from federal income taxation under  
11 section 501(c)(3) of the Internal Revenue Code of 1986, as amended;

12 (b) That the applicant will offer one or more education scholarship  
13 programs for eligible students;

14 (c) That the applicant will be able to comply with the requirements  
15 of section 10 of this act;

16 (d) That the applicant will provide education scholarships for  
17 eligible students without limiting education scholarship availability to  
18 only one qualified school;

19 (e) That the applicant will:

20 (i) Give first priority to:

21 (A) Eligible students who received an education scholarship under  
22 the Opportunity Scholarships Act during the previous school year or  
23 received an education scholarship under sections 77-7101 to 77-7113 or  
24 section 79-1608, as such sections existed prior to their repeal; and

25 (B) The sibling of a student who is receiving an education  
26 scholarship, so long as the sibling resides in the same household as such  
27 student;

28 (ii) Give second priority to:

29 (A) Eligible students whose household income levels do not exceed  
30 one hundred eighty-five percent of the federal poverty level;

31 (B) Eligible students whose application for the enrollment option

1 program established in section 79-234 has been denied;

2 (C) Eligible students who have a special education plan outlining  
3 the eligible student's learning needs and how they will receive  
4 specialized instruction and support services;

5 (D) Eligible students who are experiencing bullying, harassment,  
6 hazing, assault, battery, kidnapping, robbery, sexual offenses, threat or  
7 intimidation, or fighting at school;

8 (E) Eligible students who are in foster care; and

9 (F) Eligible students who are in a family with a parent or guardian  
10 in an active-duty role in a branch of the armed forces of the United  
11 States or in the National Guard, or whose parent or guardian was killed  
12 serving in the line of duty;

13 (iii) Give third priority to eligible students whose household  
14 income levels exceed one hundred eighty-five percent of the federal  
15 poverty level but do not exceed two hundred thirteen percent of the  
16 federal poverty level; and

17 (iv) Give fourth priority to eligible students whose household  
18 income levels exceed two hundred thirteen percent of the federal poverty  
19 level but do not exceed three hundred percent of the income indicated in  
20 the income eligibility guidelines for reduced price meals under the  
21 National School Lunch Program in 7 C.F.R. part 210;

22 (f) That the applicant will limit the maximum scholarship amount  
23 awarded to any student to the cost to educate an eligible student at a  
24 qualified school; and

25 (g) That the applicant will limit scholarship amounts awarded to  
26 students in a manner that assures that the average of the scholarship  
27 amounts awarded per student does not exceed seventy-five percent of the  
28 statewide average general fund operating expenditures per formula student  
29 for the most recently available complete data year as such terms are  
30 defined in section 79-1003.

31 (2) If the applicant meets the requirements of this section, the

1 department shall certify it as a scholarship-granting organization for  
2 tax-credit purposes under the Opportunity Scholarships Act. Such  
3 certification is subject to revocation by the department if the  
4 scholarship-granting organization subsequently fails to fulfill the  
5 requirements of this section or section 10 of this act.

6 **Sec. 5.** (1) An individual taxpayer who makes one or more cash  
7 contributions to one or more scholarship-granting organizations during a  
8 tax year shall be eligible for a credit against the income tax due under  
9 the Nebraska Revenue Act of 1967. Except as otherwise provided in the  
10 Opportunity Scholarships Act, the amount of the credit shall be equal to  
11 whichever of the following amounts is the lowest: (a) The total amount of  
12 such contributions made during the tax year; (b) fifty percent of the  
13 income tax liability of such taxpayer for the tax year; or (c) one  
14 hundred thousand dollars. A taxpayer may only claim a credit pursuant to  
15 this section for the portion of the contribution that was not claimed as  
16 a charitable contribution under the Internal Revenue Code.

17 (2) Taxpayers who are married but file separate returns for a tax  
18 year in which they could have filed a joint return may each claim only  
19 one-half of the tax credit that would otherwise have been allowed for a  
20 joint return.

21 (3) The tax credit allowed under this section shall be a  
22 nonrefundable credit. Any amount of the credit that is unused may be  
23 carried forward and applied against the taxpayer's income tax liability  
24 for the next five years immediately following the tax year in which the  
25 credit is first allowed. The tax credit cannot be carried back.

26 (4) The taxpayer may not designate all or any part of the  
27 contribution to a scholarship-granting organization for the benefit of  
28 any eligible student specifically identified by the taxpayer.

29 (5) The tax credit allowed under this section is subject to section  
30 9 of this act.

31 **Sec. 6.** (1) Any partnership, limited liability company, or

1 corporation having an election in effect under subchapter S of the  
2 Internal Revenue Code of 1986, as amended, that is carrying on any trade  
3 or business for which deductions would be allowed under section 162 of  
4 the Internal Revenue Code of 1986, as amended, or is carrying on any  
5 rental activity and that makes one or more cash contributions to one or  
6 more scholarship-granting organizations during a tax year shall be  
7 eligible for a credit against the income tax due under the Nebraska  
8 Revenue Act of 1967. Except as otherwise provided in the Opportunity  
9 Scholarships Act, the amount of the credit shall be equal to whichever of  
10 the following amounts is the lowest: (a) The total amount of such  
11 contributions made during the tax year; (b) fifty percent of the income  
12 tax liability of such taxpayer for the tax year; or (c) one hundred  
13 thousand dollars. A taxpayer may only claim a credit pursuant to this  
14 section for the portion of the contribution that was not claimed as a  
15 charitable contribution under the Internal Revenue Code. The credit shall  
16 be attributed to each partner, member, or shareholder in the same  
17 proportion used to report the partnership's, limited liability company's,  
18 or subchapter S corporation's income or loss for income tax purposes.

19 (2) The tax credit allowed under this section shall be a  
20 nonrefundable credit. Any amount of the tax credit that is unused may be  
21 carried forward and applied against the taxpayer's income tax liability  
22 for the next five years immediately following the tax year in which the  
23 credit is first allowed. The tax credit cannot be carried back.

24 (3) The taxpayer may not designate all or any part of the  
25 contribution to a scholarship-granting organization for the benefit of  
26 any eligible student specifically identified by the taxpayer.

27 (4) The tax credit allowed under this section is subject to section  
28 9 of this act.

29 **Sec. 7.** (1) An estate or trust which makes one or more cash  
30 contributions to one or more scholarship-granting organizations during a  
31 tax year shall be eligible for a credit against the income tax due under

1 the Nebraska Revenue Act of 1967. Except as otherwise provided in the  
2 Opportunity Scholarships Act, the amount of the credit shall be equal to  
3 whichever of the following amounts is the lowest: (a) The total amount of  
4 such contributions made during the tax year; (b) fifty percent of the  
5 income tax liability of such taxpayer for the tax year; or (c) one  
6 million dollars. A taxpayer may only claim a credit pursuant to this  
7 section for the portion of the contribution that was not claimed as a  
8 charitable contribution under the Internal Revenue Code. Any credit not  
9 used by the estate or trust may be attributed to each beneficiary of the  
10 estate or trust in the same proportion used to report the beneficiary's  
11 income from the estate or trust for income tax purposes.

12 (2) The tax credit allowed under this section shall be a  
13 nonrefundable credit. Any amount of the tax credit that is unused may be  
14 carried forward and applied against the taxpayer's income tax liability  
15 for the next five years immediately following the tax year in which the  
16 credit is first allowed. The tax credit cannot be carried back.

17 (3) The taxpayer may not designate all or any part of the  
18 contribution to a scholarship-granting organization for the benefit of  
19 any eligible student specifically identified by the taxpayer.

20 (4) The tax credit allowed under this section is subject to section  
21 9 of this act.

22 **Sec. 8.** (1) A corporate taxpayer as defined in section 77-2734.04  
23 which makes one or more cash contributions to one or more scholarship-  
24 granting organizations during a tax year shall be eligible for a credit  
25 against the income tax due under the Nebraska Revenue Act of 1967. Except  
26 as otherwise provided in the Opportunity Scholarships Act, the amount of  
27 the credit shall be equal to whichever of the following amounts is the  
28 lowest: (a) The total amount of such contributions made during the tax  
29 year; (b) fifty percent of the income tax liability of such taxpayer for  
30 the tax year; or (c) one hundred thousand dollars. A taxpayer may only  
31 claim a credit pursuant to this section for the portion of the



1 contribution that was not claimed as a charitable contribution under the  
2 Internal Revenue Code.

3 (2) The tax credit allowed under this section shall be a  
4 nonrefundable credit. Any amount of the tax credit that is unused may be  
5 carried forward and applied against the taxpayer's income tax liability  
6 for the next five years immediately following the tax year in which the  
7 credit is first allowed. The tax credit cannot be carried back.

8 (3) The taxpayer may not designate all or any part of the  
9 contribution to a scholarship-granting organization for the benefit of  
10 any eligible student specifically identified by the taxpayer.

11 (4) The tax credit allowed under this section is subject to section  
12 9 of this act.

13 **Sec. 9.** (1) Prior to making a contribution to a scholarship-  
14 granting organization, any taxpayer desiring to claim a tax credit under  
15 the Opportunity Scholarships Act shall notify the scholarship-granting  
16 organization of the taxpayer's intent to make a contribution and the  
17 amount to be claimed as a tax credit. Upon receiving each such  
18 notification, the scholarship-granting organization shall notify the  
19 department of the intended tax credit amount. If the department  
20 determines that the intended tax credit amount in the notification would  
21 exceed the limit specified in subsection (3) of this section, the  
22 department shall notify the scholarship-granting organization of its  
23 determination within thirty days after receipt of the notification. The  
24 scholarship-granting organization shall then promptly notify the taxpayer  
25 of the department's determination that the intended tax credit amount in  
26 the notification is not available. If an amount less than the amount  
27 indicated in the notification is available for a tax credit, the  
28 department shall notify the scholarship-granting organization of the  
29 available amount and the scholarship-granting organization shall notify  
30 the taxpayer of the available amount within three business days.

31 (2) In order to be allowed a tax credit as provided by the act, the

1 taxpayer shall make its contribution between thirty-one and sixty days  
2 after notifying the scholarship-granting organization of the taxpayer's  
3 intent to make a contribution. If the scholarship-granting organization  
4 does not receive the contribution within the required time period, it  
5 shall notify the department of such fact and the department shall no  
6 longer include such amount when calculating whether the limit prescribed  
7 in subsection (3) of this section has been exceeded. If the scholarship-  
8 granting organization receives the contribution within the required time  
9 period, it shall provide the taxpayer with a receipt for the  
10 contribution. The receipt shall show the name and address of the  
11 scholarship-granting organization, the date the scholarship-granting  
12 organization was certified by the department in accordance with section 4  
13 of this act, the name, address, and, if available, tax identification  
14 number of the taxpayer making the contribution, the amount of the  
15 contribution, and the date the contribution was received.

16 (3) The department shall consider notifications regarding intended  
17 tax credit amounts in the order in which they are received to ascertain  
18 whether the intended tax credit amounts are within the annual limit  
19 provided in this subsection. The annual limit on the total amount of tax  
20 credits for calendar years 2025, 2026, and 2027 shall be twenty-five  
21 million dollars. The annual limit on the total amount of tax credits for  
22 calendar year 2028 and each calendar year thereafter shall be calculated  
23 by taking the annual limit from the prior calendar year and then  
24 multiplying such amount by (a) one hundred twenty-five percent if the  
25 intended tax credit amounts in the prior calendar year exceeded ninety  
26 percent of the annual limit applicable to that calendar year or (b) one  
27 hundred percent if the intended tax credit amounts in the prior calendar  
28 year did not exceed ninety percent of the annual limit applicable to that  
29 calendar year. The annual limit may be increased as provided in this  
30 subsection until it reaches one hundred million dollars. Thereafter, no  
31 further increases shall be allowed.

1       (4) The State Department of Education and the Department of Revenue  
2 shall publish on their respective websites information identifying the  
3 annual limit when it is increased pursuant to subsection (3) of this  
4 section.

5       (5) Once credits have reached the designated annual limit for any  
6 calendar year, no additional credits shall be allowed for such calendar  
7 year. Credits shall be prorated among the notifications received on the  
8 day the annual limit is exceeded.

9       **Sec. 10.** (1) For purposes of this section:

10       (a) Net revenue means the total amount of revenue received by a  
11 scholarship-granting organization during a state fiscal year minus the  
12 amount of such revenue that is used or reserved for the administrative  
13 costs of such organization for the same state fiscal year;

14       (b) Revenue means all grants, donations, and contributions received  
15 by a scholarship-granting organization for the purpose of providing  
16 education scholarships; and

17       (c) State fiscal year means the period of time commencing on July 1  
18 and ending on June 30 of the following year.

19       (2) In order for a scholarship-granting organization to remain  
20 certified under the Opportunity Scholarships Act, the scholarship-  
21 granting organization shall allocate at least ninety percent of its  
22 revenue for education scholarships and no more than ten percent of its  
23 revenue shall be used or reserved for administrative costs.

24       (3) For purposes of subsection (2) of this section, revenue is  
25 allocated when it is expended or otherwise irrevocably encumbered for  
26 expenditure. The percentage of revenue allocated for education  
27 scholarships shall be measured as a monthly average over the most recent  
28 twenty-four-month period or, for a scholarship-granting organization that  
29 has been certified for less than twenty-four months, over the period of  
30 time that the scholarship-granting organization has been certified.

31       (4) Beginning January 1, 2028:

1       (a) A scholarship-granting organization shall carry forward no more  
2 than twenty-five percent of its net revenue from one state fiscal year to  
3 the following state fiscal year. Any amount carried forward shall be  
4 expended for annual or partial-year education scholarships in the  
5 following state fiscal year; and

6       (b) Any amount of net revenue remaining on June 30 of any state  
7 fiscal year that is in excess of the amount that may be carried forward  
8 under subdivision (a) of this subsection shall be used to provide  
9 education scholarships to eligible students or transferred to one or more  
10 other scholarship-granting organizations to provide education  
11 scholarships to eligible students by no later than the following  
12 September 30. Any amount of such net revenue that is not used or  
13 transferred by the following September 30 shall be remitted to the State  
14 Treasurer for credit to the General Fund. Any scholarship-granting  
15 organization receiving a transfer pursuant to this subdivision shall  
16 place the transferred funds into its scholarship account and shall  
17 separately disclose the transfer in its annual financial audit.

18       **Sec. 11.** (1) Each scholarship-granting organization shall annually  
19 submit to the department no later than December 1 of each year a  
20 financial report showing how tax credits were used for the most recently  
21 completed school year.

22       (2) Each scholarship-granting organization shall include with the  
23 report submitted under subsection (1) of this section a summary  
24 description of (a) its policies and procedures for awarding education  
25 scholarships, (b) the number of eligible students receiving education  
26 scholarships in the most recent fiscal year, (c) the total amount of  
27 contributions received for education scholarships in the most recent  
28 fiscal year, and (d) the total amount of education scholarships awarded  
29 in the most recent fiscal year.

30       (3) The department shall electronically forward such reports and  
31 summary descriptions to the Governor and the Legislature no later than

1 December 31 of each year.

2 (4) By June 30, 2027, and by June 30 of each odd-numbered year  
3 thereafter, the department shall electronically submit a report to the  
4 chairperson of the Appropriations Committee of the Legislature, the  
5 chairperson of the Education Committee of the Legislature, and the  
6 chairperson of the Revenue Committee of the Legislature. The report shall  
7 include, but not be limited to, the following:

8 (a) A review of the progress of the Opportunity Scholarships Act;

9 (b) The number of students currently wait-listed or denied from  
10 receiving an education scholarship and the reason for the wait-listing or  
11 denial;

12 (c) The dollar amount of education scholarships given by  
13 scholarship-granting organizations; and

14 (d) The demographic information of students receiving education  
15 scholarships, including, but not limited to:

16 (i) Income level;

17 (ii) Grade level; and

18 (iii) Geographic location.

19 **Sec. 12.** The Opportunity Scholarships Act shall not be construed as  
20 granting any expanded or additional authority to the State of Nebraska to  
21 control or influence the governance or policies of any qualified school  
22 due to the fact that the qualified school admits and enrolls students who  
23 receive education scholarships or as requiring any such qualified school  
24 to admit or, once admitted, to continue the enrollment of any student  
25 receiving an education scholarship.

26 **Sec. 13.** The department may adopt and promulgate rules and  
27 regulations to carry out the Opportunity Scholarships Act.

28 **Sec. 14.** Section 77-2715.07, Revised Statutes Cumulative Supplement,  
29 2024, is 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, the Reverse Osmosis System Tax Credit Act, or the  
11 Volunteer Emergency Responders Incentive Act; 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 programs or projects certified for  
26 tax credit status as provided in the Creating High Impact Economic  
27 Futures Act. Each partner, each shareholder of an electing subchapter S  
28 corporation, each beneficiary of an estate or trust, or each member of a  
29 limited liability company shall report his or her share of the credit in  
30 the same manner and proportion as he or she reports the partnership,  
31 subchapter S corporation, estate, trust, or limited liability company

1 income;

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

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

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

8 (f) A credit to employers as provided in sections 77-27,238 and  
9 77-27,240;

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

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

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

15 (j) A credit as provided in the Nebraska Shortline Rail  
16 Modernization Act;

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

18 (l) A credit as provided in the Caregiver Tax Credit Act; ~~and~~ -

19 (m) A credit as provided in the Opportunity Scholarships 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 programs  
25 or projects certified for tax credit status as provided in the Creating  
26 High Impact Economic Futures 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.

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

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

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

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

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

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

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

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

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

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

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

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

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

29 (8) There shall be allowed to all individuals refundable credits  
30 against the income tax imposed by the Nebraska Revenue Act of 1967 as  
31 provided in the Cast and Crew Nebraska Act, the Nebraska Biodiesel Tax

1 Credit Act, the Nebraska Higher Blend Tax Credit Act, the Nebraska  
2 Property Tax Incentive Act, the Relocation Incentive Act, and the  
3 Renewable Chemical Production Tax Credit Act.

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

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

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

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

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

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

17 (10) There shall be allowed to all individuals refundable credits  
18 against the income tax imposed by the Nebraska Revenue Act of 1967 as  
19 provided in section 77-7203 and nonrefundable credits against the income  
20 tax imposed by the Nebraska Revenue Act of 1967 as provided in section  
21 77-7204.

22 (11) 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 section 77-3157 and nonrefundable credits against the income  
25 tax imposed by the Nebraska Revenue Act of 1967 as provided in sections  
26 77-3156, 77-3158, and 77-3159.

27 **Sec. 15.** Section 77-2717, Revised Statutes Cumulative Supplement,  
28 2024, is amended to read:

29 77-2717 (1)(a)(i) For taxable years beginning or deemed to begin  
30 before January 1, 2014, the tax imposed on all resident estates and  
31 trusts shall be a percentage of the federal taxable income of such

1 estates and trusts as modified in section 77-2716, plus a percentage of  
2 the federal alternative minimum tax and the federal tax on premature or  
3 lump-sum distributions from qualified retirement plans. The additional  
4 taxes shall be recomputed by (A) substituting Nebraska taxable income for  
5 federal taxable income, (B) calculating what the federal alternative  
6 minimum tax would be on Nebraska taxable income and adjusting such  
7 calculations for any items which are reflected differently in the  
8 determination of federal taxable income, and (C) applying Nebraska rates  
9 to the result. The federal credit for prior year minimum tax, after the  
10 recomputations required by the Nebraska Revenue Act of 1967, and the  
11 credits provided in the Nebraska Advantage Microenterprise Tax Credit Act  
12 and the Nebraska Advantage Research and Development Act shall be allowed  
13 as a reduction in the income tax due. A refundable income tax credit  
14 shall be allowed for all resident estates and trusts under the Angel  
15 Investment Tax Credit Act, the Nebraska Advantage Microenterprise Tax  
16 Credit Act, and the Nebraska Advantage Research and Development Act. A  
17 nonrefundable income tax credit shall be allowed for all resident estates  
18 and trusts as provided in the New Markets Job Growth Investment Act.

19 (ii) For taxable years beginning or deemed to begin on or after  
20 January 1, 2014, the tax imposed on all resident estates and trusts shall  
21 be a percentage of the federal taxable income of such estates and trusts  
22 as modified in section 77-2716, plus a percentage of the federal tax on  
23 premature or lump-sum distributions from qualified retirement plans. The  
24 additional taxes shall be recomputed by substituting Nebraska taxable  
25 income for federal taxable income and applying Nebraska rates to the  
26 result. The credits provided in the Nebraska Advantage Microenterprise  
27 Tax Credit Act and the Nebraska Advantage Research and Development Act  
28 shall be allowed as a reduction in the income tax due. A refundable  
29 income tax credit shall be allowed for all resident estates and trusts  
30 under the Angel Investment Tax Credit Act, the Cast and Crew Nebraska  
31 Act, the Nebraska Advantage Microenterprise Tax Credit Act, the Nebraska

1 Advantage Research and Development Act, the Nebraska Biodiesel Tax Credit  
2 Act, the Nebraska Higher Blend Tax Credit Act, the Nebraska Property Tax  
3 Incentive Act, the Relocation Incentive Act, and the Renewable Chemical  
4 Production Tax Credit Act. A nonrefundable income tax credit shall be  
5 allowed for all resident estates and trusts as provided in the Nebraska  
6 Job Creation and Mainstreet Revitalization Act, the New Markets Job  
7 Growth Investment Act, the School Readiness Tax Credit Act, the Child  
8 Care Tax Credit Act, the Affordable Housing Tax Credit Act, the  
9 Sustainable Aviation Fuel Tax Credit Act, the Nebraska Shortline Rail  
10 Modernization Act, the Nebraska Pregnancy Help Act, the Individuals with  
11 Intellectual and Developmental Disabilities Support Act, the Opportunity  
12 Scholarships Act, and sections 77-27,238, 77-27,240, and 77-27,241.

13 (b) The tax imposed on all nonresident estates and trusts shall be  
14 the portion of the tax imposed on resident estates and trusts which is  
15 attributable to the income derived from sources within this state. The  
16 tax which is attributable to income derived from sources within this  
17 state shall be determined by multiplying the liability to this state for  
18 a resident estate or trust with the same total income by a fraction, the  
19 numerator of which is the nonresident estate's or trust's Nebraska income  
20 as determined by sections 77-2724 and 77-2725 and the denominator of  
21 which is its total federal income after first adjusting each by the  
22 amounts provided in section 77-2716. The federal credit for prior year  
23 minimum tax, after the recomputations required by the Nebraska Revenue  
24 Act of 1967, reduced by the percentage of the total income which is  
25 attributable to income from sources outside this state, and the credits  
26 provided in the Nebraska Advantage Microenterprise Tax Credit Act and the  
27 Nebraska Advantage Research and Development Act shall be allowed as a  
28 reduction in the income tax due. A refundable income tax credit shall be  
29 allowed for all nonresident estates and trusts under the Angel Investment  
30 Tax Credit Act, the Cast and Crew Nebraska Act, the Nebraska Advantage  
31 Microenterprise Tax Credit Act, the Nebraska Advantage Research and

1 Development Act, the Nebraska Biodiesel Tax Credit Act, the Nebraska  
2 Higher Blend Tax Credit Act, the Nebraska Property Tax Incentive Act, the  
3 Relocation Incentive Act, and the Renewable Chemical Production Tax  
4 Credit Act. A nonrefundable income tax credit shall be allowed for all  
5 nonresident estates and trusts as provided in the Nebraska Job Creation  
6 and Mainstreet Revitalization Act, the New Markets Job Growth Investment  
7 Act, the School Readiness Tax Credit Act, the Child Care Tax Credit Act,  
8 the Affordable Housing Tax Credit Act, the Sustainable Aviation Fuel Tax  
9 Credit Act, the Nebraska Shortline Rail Modernization Act, the Nebraska  
10 Pregnancy Help Act, the Individuals with Intellectual and Developmental  
11 Disabilities Support Act, the Opportunity Scholarships Act, and sections  
12 77-27,238, 77-27,240, and 77-27,241.

13 (2) In all instances wherein a fiduciary income tax return is  
14 required under the provisions of the Internal Revenue Code, a Nebraska  
15 fiduciary return shall be filed, except that a fiduciary return shall not  
16 be required to be filed regarding a simple trust if all of the trust's  
17 beneficiaries are residents of the State of Nebraska, all of the trust's  
18 income is derived from sources in this state, and the trust has no  
19 federal tax liability. The fiduciary shall be responsible for making the  
20 return for the estate or trust for which he or she acts, whether the  
21 income be taxable to the estate or trust or to the beneficiaries thereof.  
22 The fiduciary shall include in the return a statement of each  
23 beneficiary's distributive share of net income when such income is  
24 taxable to such beneficiaries.

25 (3) The beneficiaries of such estate or trust who are residents of  
26 this state shall include in their income their proportionate share of  
27 such estate's or trust's federal income and shall reduce their Nebraska  
28 tax liability by their proportionate share of the credits as provided in  
29 the Angel Investment Tax Credit Act, the Nebraska Advantage  
30 Microenterprise Tax Credit Act, the Nebraska Advantage Research and  
31 Development Act, the Nebraska Job Creation and Mainstreet Revitalization

1 Act, the New Markets Job Growth Investment Act, the School Readiness Tax  
2 Credit Act, the Child Care Tax Credit Act, the Affordable Housing Tax  
3 Credit Act, the Nebraska Biodiesel Tax Credit Act, the Nebraska Higher  
4 Blend Tax Credit Act, the Nebraska Property Tax Incentive Act, the  
5 Relocation Incentive Act, the Renewable Chemical Production Tax Credit  
6 Act, the Sustainable Aviation Fuel Tax Credit Act, the Nebraska Shortline  
7 Rail Modernization Act, the Cast and Crew Nebraska Act, the Nebraska  
8 Pregnancy Help Act, the Individuals with Intellectual and Developmental  
9 Disabilities Support Act, the Opportunity Scholarships Act, and sections  
10 77-27,238, 77-27,240, and 77-27,241. There shall be allowed to a  
11 beneficiary a refundable income tax credit under the Beginning Farmer Tax  
12 Credit Act for all taxable years beginning or deemed to begin on or after  
13 January 1, 2001, under the Internal Revenue Code of 1986, as amended.

14 (4) If any beneficiary of such estate or trust is a nonresident  
15 during any part of the estate's or trust's taxable year, he or she shall  
16 file a Nebraska income tax return which shall include (a) in Nebraska  
17 adjusted gross income that portion of the estate's or trust's Nebraska  
18 income, as determined under sections 77-2724 and 77-2725, allocable to  
19 his or her interest in the estate or trust and (b) a reduction of the  
20 Nebraska tax liability by his or her proportionate share of the credits  
21 as provided in the Angel Investment Tax Credit Act, the Nebraska  
22 Advantage Microenterprise Tax Credit Act, the Nebraska Advantage Research  
23 and Development Act, the Nebraska Job Creation and Mainstreet  
24 Revitalization Act, the New Markets Job Growth Investment Act, the School  
25 Readiness Tax Credit Act, the Child Care Tax Credit Act, the Affordable  
26 Housing Tax Credit Act, the Nebraska Biodiesel Tax Credit Act, the  
27 Nebraska Higher Blend Tax Credit Act, the Nebraska Property Tax Incentive  
28 Act, the Relocation Incentive Act, the Renewable Chemical Production Tax  
29 Credit Act, the Sustainable Aviation Fuel Tax Credit Act, the Nebraska  
30 Shortline Rail Modernization Act, the Cast and Crew Nebraska Act, the  
31 Nebraska Pregnancy Help Act, the Individuals with Intellectual and

1 Developmental Disabilities Support Act, the Opportunity Scholarships Act,  
2 and sections 77-27,238, 77-27,240, and 77-27,241 and shall execute and  
3 forward to the fiduciary, on or before the original due date of the  
4 Nebraska fiduciary return, an agreement which states that he or she will  
5 file a Nebraska income tax return and pay income tax on all income  
6 derived from or connected with sources in this state, and such agreement  
7 shall be attached to the Nebraska fiduciary return for such taxable year.

8 (5) In the absence of the nonresident beneficiary's executed  
9 agreement being attached to the Nebraska fiduciary return, the estate or  
10 trust shall remit a portion of such beneficiary's income which was  
11 derived from or attributable to Nebraska sources with its Nebraska return  
12 for the taxable year. For taxable years beginning or deemed to begin  
13 before January 1, 2013, the amount of remittance, in such instance, shall  
14 be the highest individual income tax rate determined under section  
15 77-2715.02 multiplied by the nonresident beneficiary's share of the  
16 estate or trust income which was derived from or attributable to sources  
17 within this state. For taxable years beginning or deemed to begin on or  
18 after January 1, 2013, the amount of remittance, in such instance, shall  
19 be the highest individual income tax rate determined under section  
20 77-2715.03 multiplied by the nonresident beneficiary's share of the  
21 estate or trust income which was derived from or attributable to sources  
22 within this state. The amount remitted shall be allowed as a credit  
23 against the Nebraska income tax liability of the beneficiary.

24 (6) The Tax Commissioner may allow a nonresident beneficiary to not  
25 file a Nebraska income tax return if the nonresident beneficiary's only  
26 source of Nebraska income was his or her share of the estate's or trust's  
27 income which was derived from or attributable to sources within this  
28 state, the nonresident did not file an agreement to file a Nebraska  
29 income tax return, and the estate or trust has remitted the amount  
30 required by subsection (5) of this section on behalf of such nonresident  
31 beneficiary. The amount remitted shall be retained in satisfaction of the



1 Nebraska income tax liability of the nonresident beneficiary.

2 (7) For purposes of this section, unless the context otherwise  
3 requires, simple trust shall mean any trust instrument which (a) requires  
4 that all income shall be distributed currently to the beneficiaries, (b)  
5 does not allow amounts to be paid, permanently set aside, or used in the  
6 tax year for charitable purposes, and (c) does not distribute amounts  
7 allocated in the corpus of the trust. Any trust which does not qualify as  
8 a simple trust shall be deemed a complex trust.

9 (8) For purposes of this section, any beneficiary of an estate or  
10 trust that is a grantor trust of a nonresident shall be disregarded and  
11 this section shall apply as though the nonresident grantor was the  
12 beneficiary.

13 **Sec. 16.** Section 77-2734.03, Revised Statutes Cumulative Supplement,  
14 2024, is amended to read:

15 77-2734.03 (1)(a) For taxable years commencing prior to January 1,  
16 1997, any (i) insurer paying a tax on premiums and assessments pursuant  
17 to section 77-908 or 81-523, (ii) electric cooperative organized under  
18 the Joint Public Power Authority Act, or (iii) credit union shall be  
19 credited, in the computation of the tax due under the Nebraska Revenue  
20 Act of 1967, with the amount paid during the taxable year as taxes on  
21 such premiums and assessments and taxes in lieu of intangible tax.

22 (b) For taxable years commencing on or after January 1, 1997, any  
23 insurer paying a tax on premiums and assessments pursuant to section  
24 77-908 or 81-523, any electric cooperative organized under the Joint  
25 Public Power Authority Act, or any credit union shall be credited, in the  
26 computation of the tax due under the Nebraska Revenue Act of 1967, with  
27 the amount paid during the taxable year as (i) taxes on such premiums and  
28 assessments included as Nebraska premiums and assessments under section  
29 77-2734.05 and (ii) taxes in lieu of intangible tax.

30 (c) For taxable years commencing or deemed to commence prior to, on,  
31 or after January 1, 1998, any insurer paying a tax on premiums and

1 assessments pursuant to section 77-908 or 81-523 shall be credited, in  
2 the computation of the tax due under the Nebraska Revenue Act of 1967,  
3 with the amount paid during the taxable year as assessments allowed as an  
4 offset against premium and related retaliatory tax liability pursuant to  
5 section 44-4233.

6 (2) There shall be allowed to corporate taxpayers a tax credit for  
7 contributions to programs or projects certified for tax credit status as  
8 provided in the Creating High Impact Economic Futures Act.

9 (3) There shall be allowed to corporate taxpayers a refundable  
10 income tax credit under the Beginning Farmer Tax Credit Act for all  
11 taxable years beginning or deemed to begin on or after January 1, 2001,  
12 under the Internal Revenue Code of 1986, as amended.

13 (4) The changes made to this section by Laws 2004, LB 983, apply to  
14 motor fuels purchased during any tax year ending or deemed to end on or  
15 after January 1, 2005, under the Internal Revenue Code of 1986, as  
16 amended.

17 (5) There shall be allowed to corporate taxpayers refundable income  
18 tax credits under the Nebraska Advantage Microenterprise Tax Credit Act,  
19 the Cast and Crew Nebraska Act, the Nebraska Advantage Research and  
20 Development Act, the Nebraska Biodiesel Tax Credit Act, the Nebraska  
21 Higher Blend Tax Credit Act, the Nebraska Property Tax Incentive Act, the  
22 Relocation Incentive Act, and the Renewable Chemical Production Tax  
23 Credit Act.

24 (6) There shall be allowed to corporate taxpayers a nonrefundable  
25 income tax credit for investment in a biodiesel facility as provided in  
26 section 77-27,236.

27 (7) There shall be allowed to corporate taxpayers a nonrefundable  
28 income tax credit as provided in the Nebraska Job Creation and Mainstreet  
29 Revitalization Act, the New Markets Job Growth Investment Act, the School  
30 Readiness Tax Credit Act, the Child Care Tax Credit Act, the Affordable  
31 Housing Tax Credit Act, the Sustainable Aviation Fuel Tax Credit Act, the

1 Nebraska Shortline Rail Modernization Act, the Nebraska Pregnancy Help  
2 Act, the Individuals with Intellectual and Developmental Disabilities  
3 Support Act, the Opportunity Scholarships Act, and sections 77-27,238,  
4 77-27,240, and 77-27,241.

5 **Sec. 17.** This act becomes operative for all taxable years beginning  
6 or deemed to begin on or after January 1, 2025, under the Internal  
7 Revenue Code of 1986, as amended.

8 **Sec. 18.** If any section in this act or any part of any section is  
9 declared invalid or unconstitutional, the declaration shall not affect  
10 the validity or constitutionality of the remaining portions.

11 **Sec. 19.** Original sections 77-2715.07, 77-2717, and 77-2734.03,  
12 Revised Statutes Cumulative Supplement, 2024, are repealed.