

LEGISLATURE OF NEBRASKA  
ONE HUNDRED EIGHTH LEGISLATURE  
SECOND SESSION

**LEGISLATIVE BILL 1400**

Introduced by Ballard, 21; at the request of the Governor.

Read first time January 17, 2024

Committee:

- 1 A BILL FOR AN ACT relating to revenue and taxation; to amend sections
- 2 77-2715.07, 77-2716, 77-2717, and 77-2734.03, Revised Statutes
- 3 Supplement, 2023; to adopt the Relocation Incentive Act; to
- 4 harmonize provisions; and to repeal the original sections.
- 5 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 Relocation Incentive Act.

3           Sec. 2. For purposes of the Relocation Incentive Act:

4           (1) Department means the Department of Revenue; and

5           (2) Qualifying employee means an individual who moves to the State  
6 of Nebraska for the purpose of accepting a position of employment.

7           Sec. 3. (1) For taxable years beginning or deemed to begin on or  
8 after January 1, 2025, under the Internal Revenue Code of 1986, as  
9 amended, an employer that pays relocation expenses for a qualifying  
10 employee shall be eligible to receive a credit against the income tax  
11 imposed by the Nebraska Revenue Act of 1967.

12           (2) The credit provided in this section shall be a refundable credit  
13 in an amount equal to fifty percent of the relocation expenses that were  
14 paid by the employer for a qualifying employee during the taxable year,  
15 not to exceed a maximum credit of five thousand dollars per qualifying  
16 employee.

17           (3) No credit shall be granted under this section unless the  
18 qualifying employee will receive an annual salary of at least seventy  
19 thousand dollars per year and not more than two hundred fifty thousand  
20 dollars per year.

21           (4) Any credit claimed by an employer under this section shall be  
22 recaptured by the department if the qualifying employee moves out of the  
23 state within two years after the credit is claimed. Any amount required  
24 to be recaptured shall be deemed an underpayment of tax and shall be due  
25 and payable on the tax return that is due immediately following the loss  
26 of residency.

27           (5) Notwithstanding any other limitation contained in the laws of  
28 this state, collection of any taxes deemed to be an underpayment by this  
29 section shall be allowed for a period of three years following the due  
30 date of the recaptured taxes.

31           (6) For taxable years beginning or deemed to begin on or after

1 January 1, 2026, under the Internal Revenue Code of 1986, as amended, the  
2 department shall adjust the dollar amounts provided in subsection (3) of  
3 this section by the same percentage used to adjust individual income tax  
4 brackets under subsection (3) of section 77-2715.03.

5 Sec. 4. (1) For taxable years beginning or deemed to begin on or  
6 after January 1, 2025, under the Internal Revenue Code of 1986, as  
7 amended, a qualifying employee shall be eligible to make a one-time  
8 election within two calendar years of becoming a Nebraska resident to  
9 exclude all Nebraska-sourced wage income earned and received from an  
10 employer, to the extent included in federal adjusted gross income, if (a)  
11 the annual Nebraska-sourced wage income of the position accepted by the  
12 qualifying employee is at least seventy thousand dollars per year but not  
13 more than two hundred fifty thousand dollars per year and (b) the  
14 qualifying employee was not a resident of the state in the year prior to  
15 the year in which residency is being claimed for purposes of qualifying  
16 for such exclusion.

17 (2) For any qualifying employee who fails to maintain residency for  
18 two full calendar years following the calendar year in which the  
19 exclusion was taken, any reduction in tax as a result of such exclusion  
20 shall be fully recaptured from the qualifying employee by the department.  
21 The amount required to be recaptured shall be deemed an underpayment of  
22 tax and shall be due and payable on the tax return that is due  
23 immediately following the loss of residency.

24 (3) Notwithstanding any other limitation contained in the laws of  
25 this state, collection of any taxes deemed to be an underpayment by this  
26 section shall be allowed for a period of three years following the due  
27 date of the recaptured taxes.

28 (4) For taxable years beginning or deemed to begin on or after  
29 January 1, 2026, under the Internal Revenue Code of 1986, as amended, the  
30 department shall adjust the dollar amounts provided in subsection (1) of  
31 this section by the same percentage used to adjust individual income tax

1 brackets under subsection (3) of section 77-2715.03.

2       Sec. 5. The department may adopt and promulgate rules and  
3 regulations to carry out the Relocation Incentive Act.

4       Sec. 6. Section 77-2715.07, Revised Statutes Supplement, 2023, is  
5 amended to read:

6       77-2715.07 (1) There shall be allowed to qualified resident  
7 individuals as a nonrefundable credit against the income tax imposed by  
8 the Nebraska Revenue Act of 1967:

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

11       (b) A credit for taxes paid to another state as provided in section  
12 77-2730.

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

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

25       (b) For returns filed reporting federal adjusted gross income of  
26 twenty-nine thousand dollars or less, a refundable credit equal to a  
27 percentage of the federal credit allowable under section 21 of the  
28 Internal Revenue Code of 1986, as amended, whether or not the federal  
29 credit was limited by the federal tax liability. The percentage of the  
30 federal credit shall be one hundred percent for incomes not greater than  
31 twenty-two thousand dollars, and the percentage shall be reduced by ten

1 percent for each one thousand dollars, or fraction thereof, by which the  
2 reported federal adjusted gross income exceeds twenty-two thousand  
3 dollars, except that for taxable years beginning or deemed to begin on or  
4 after January 1, 2015, such refundable credit shall be allowed only if  
5 the individual would have received the federal credit allowed under  
6 section 21 of the code after adding back in any carryforward of a net  
7 operating loss that was deducted pursuant to such section in determining  
8 eligibility for the federal credit;

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

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

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

27 (3) There shall be allowed to all individuals as a nonrefundable  
28 credit against the income tax imposed by the Nebraska Revenue Act of  
29 1967:

30 (a) A credit for personal exemptions allowed under section  
31 77-2716.01;

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

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

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

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

14 (f) A credit to employers as provided in sections 77-27,238 and  
15 77-27,240;

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

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

19 (i) 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  
25 certified community betterment programs as provided in the Community  
26 Development Assistance Act; and

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

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

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 Nebraska Biodiesel Tax Credit Act, the Nebraska Higher



1 Blend Tax Credit Act, the Nebraska Property Tax Incentive Act, the  
2 Relocation Incentive Act, and the Renewable Chemical Production Tax  
3 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 Sec. 7. Section 77-2716, Revised Statutes Supplement, 2023, is  
23 amended to read:

24 77-2716 (1) The following adjustments to federal adjusted gross  
25 income or, for corporations and fiduciaries, federal taxable income shall  
26 be made for interest or dividends received:

27 (a)(i) There shall be subtracted interest or dividends received by  
28 the owner of obligations of the United States and its territories and  
29 possessions or of any authority, commission, or instrumentality of the  
30 United States to the extent includable in gross income for federal income  
31 tax purposes but exempt from state income taxes under the laws of the

1 United States; and

2 (ii) There shall be subtracted interest received by the owner of  
3 obligations of the State of Nebraska or its political subdivisions or  
4 authorities which are Build America Bonds to the extent includable in  
5 gross income for federal income tax purposes;

6 (b) There shall be subtracted that portion of the total dividends  
7 and other income received from a regulated investment company which is  
8 attributable to obligations described in subdivision (a) of this  
9 subsection as reported to the recipient by the regulated investment  
10 company;

11 (c) There shall be added interest or dividends received by the owner  
12 of obligations of the District of Columbia, other states of the United  
13 States, or their political subdivisions, authorities, commissions, or  
14 instrumentalities to the extent excluded in the computation of gross  
15 income for federal income tax purposes except that such interest or  
16 dividends shall not be added if received by a corporation which is a  
17 regulated investment company;

18 (d) There shall be added that portion of the total dividends and  
19 other income received from a regulated investment company which is  
20 attributable to obligations described in subdivision (c) of this  
21 subsection and excluded for federal income tax purposes as reported to  
22 the recipient by the regulated investment company; and

23 (e)(i) Any amount subtracted under this subsection shall be reduced  
24 by any interest on indebtedness incurred to carry the obligations or  
25 securities described in this subsection or the investment in the  
26 regulated investment company and by any expenses incurred in the  
27 production of interest or dividend income described in this subsection to  
28 the extent that such expenses, including amortizable bond premiums, are  
29 deductible in determining federal taxable income.

30 (ii) Any amount added under this subsection shall be reduced by any  
31 expenses incurred in the production of such income to the extent

1 disallowed in the computation of federal taxable income.

2 (2) There shall be allowed a net operating loss derived from or  
3 connected with Nebraska sources computed under rules and regulations  
4 adopted and promulgated by the Tax Commissioner consistent, to the extent  
5 possible under the Nebraska Revenue Act of 1967, with the laws of the  
6 United States. For a resident individual, estate, or trust, the net  
7 operating loss computed on the federal income tax return shall be  
8 adjusted by the modifications contained in this section. For a  
9 nonresident individual, estate, or trust or for a partial-year resident  
10 individual, the net operating loss computed on the federal return shall  
11 be adjusted by the modifications contained in this section and any  
12 carryovers or carrybacks shall be limited to the portion of the loss  
13 derived from or connected with Nebraska sources.

14 (3) There shall be subtracted from federal adjusted gross income for  
15 all taxable years beginning on or after January 1, 1987, the amount of  
16 any state income tax refund to the extent such refund was deducted under  
17 the Internal Revenue Code, was not allowed in the computation of the tax  
18 due under the Nebraska Revenue Act of 1967, and is included in federal  
19 adjusted gross income.

20 (4) Federal adjusted gross income, or, for a fiduciary, federal  
21 taxable income shall be modified to exclude the portion of the income or  
22 loss received from a small business corporation with an election in  
23 effect under subchapter S of the Internal Revenue Code or from a limited  
24 liability company organized pursuant to the Nebraska Uniform Limited  
25 Liability Company Act that is not derived from or connected with Nebraska  
26 sources as determined in section 77-2734.01.

27 (5) There shall be subtracted from federal adjusted gross income or,  
28 for corporations and fiduciaries, federal taxable income dividends  
29 received or deemed to be received from corporations which are not subject  
30 to the Internal Revenue Code.

31 (6) There shall be subtracted from federal taxable income a portion

1 of the income earned by a corporation subject to the Internal Revenue  
2 Code of 1986 that is actually taxed by a foreign country or one of its  
3 political subdivisions at a rate in excess of the maximum federal tax  
4 rate for corporations. The taxpayer may make the computation for each  
5 foreign country or for groups of foreign countries. The portion of the  
6 taxes that may be deducted shall be computed in the following manner:

7 (a) The amount of federal taxable income from operations within a  
8 foreign taxing jurisdiction shall be reduced by the amount of taxes  
9 actually paid to the foreign jurisdiction that are not deductible solely  
10 because the foreign tax credit was elected on the federal income tax  
11 return;

12 (b) The amount of after-tax income shall be divided by one minus the  
13 maximum tax rate for corporations in the Internal Revenue Code; and

14 (c) The result of the calculation in subdivision (b) of this  
15 subsection shall be subtracted from the amount of federal taxable income  
16 used in subdivision (a) of this subsection. The result of such  
17 calculation, if greater than zero, shall be subtracted from federal  
18 taxable income.

19 (7) Federal adjusted gross income shall be modified to exclude any  
20 amount repaid by the taxpayer for which a reduction in federal tax is  
21 allowed under section 1341(a)(5) of the Internal Revenue Code.

22 (8)(a) Federal adjusted gross income or, for corporations and  
23 fiduciaries, federal taxable income shall be reduced, to the extent  
24 included, by income from interest, earnings, and state contributions  
25 received from the Nebraska educational savings plan trust created in  
26 sections 85-1801 to 85-1817 and any account established under the  
27 achieving a better life experience program as provided in sections  
28 77-1401 to 77-1409.

29 (b) Federal adjusted gross income or, for corporations and  
30 fiduciaries, federal taxable income shall be reduced by any contributions  
31 as a participant in the Nebraska educational savings plan trust or

1 contributions to an account established under the achieving a better life  
2 experience program made for the benefit of a beneficiary as provided in  
3 sections 77-1401 to 77-1409, to the extent not deducted for federal  
4 income tax purposes, but not to exceed five thousand dollars per married  
5 filing separate return or ten thousand dollars for any other return. With  
6 respect to a qualified rollover within the meaning of section 529 of the  
7 Internal Revenue Code from another state's plan, any interest, earnings,  
8 and state contributions received from the other state's educational  
9 savings plan which is qualified under section 529 of the code shall  
10 qualify for the reduction provided in this subdivision. For contributions  
11 by a custodian of a custodial account including rollovers from another  
12 custodial account, the reduction shall only apply to funds added to the  
13 custodial account after January 1, 2014.

14 (c) For taxable years beginning or deemed to begin on or after  
15 January 1, 2021, under the Internal Revenue Code of 1986, as amended,  
16 federal adjusted gross income shall be reduced, to the extent included in  
17 the adjusted gross income of an individual, by the amount of any  
18 contribution made by the individual's employer into an account under the  
19 Nebraska educational savings plan trust owned by the individual, not to  
20 exceed five thousand dollars per married filing separate return or ten  
21 thousand dollars for any other return.

22 (d) Federal adjusted gross income or, for corporations and  
23 fiduciaries, federal taxable income shall be increased by:

24 (i) The amount resulting from the cancellation of a participation  
25 agreement refunded to the taxpayer as a participant in the Nebraska  
26 educational savings plan trust to the extent previously deducted under  
27 subdivision (8)(b) of this section; and

28 (ii) The amount of any withdrawals by the owner of an account  
29 established under the achieving a better life experience program as  
30 provided in sections 77-1401 to 77-1409 for nonqualified expenses to the  
31 extent previously deducted under subdivision (8)(b) of this section.

1           (9)(a) For income tax returns filed after September 10, 2001, for  
2 taxable years beginning or deemed to begin before January 1, 2006, under  
3 the Internal Revenue Code of 1986, as amended, federal adjusted gross  
4 income or, for corporations and fiduciaries, federal taxable income shall  
5 be increased by eighty-five percent of any amount of any federal bonus  
6 depreciation received under the federal Job Creation and Worker  
7 Assistance Act of 2002 or the federal Jobs and Growth Tax Act of 2003,  
8 under section 168(k) or section 1400L of the Internal Revenue Code of  
9 1986, as amended, for assets placed in service after September 10, 2001,  
10 and before December 31, 2005.

11           (b) For a partnership, limited liability company, cooperative,  
12 including any cooperative exempt from income taxes under section 521 of  
13 the Internal Revenue Code of 1986, as amended, limited cooperative  
14 association, subchapter S corporation, or joint venture, the increase  
15 shall be distributed to the partners, members, shareholders, patrons, or  
16 beneficiaries in the same manner as income is distributed for use against  
17 their income tax liabilities.

18           (c) For a corporation with a unitary business having activity both  
19 inside and outside the state, the increase shall be apportioned to  
20 Nebraska in the same manner as income is apportioned to the state by  
21 section 77-2734.05.

22           (d) The amount of bonus depreciation added to federal adjusted gross  
23 income or, for corporations and fiduciaries, federal taxable income by  
24 this subsection shall be subtracted in a later taxable year. Twenty  
25 percent of the total amount of bonus depreciation added back by this  
26 subsection for tax years beginning or deemed to begin before January 1,  
27 2003, under the Internal Revenue Code of 1986, as amended, may be  
28 subtracted in the first taxable year beginning or deemed to begin on or  
29 after January 1, 2005, under the Internal Revenue Code of 1986, as  
30 amended, and twenty percent in each of the next four following taxable  
31 years. Twenty percent of the total amount of bonus depreciation added

1 back by this subsection for tax years beginning or deemed to begin on or  
2 after January 1, 2003, may be subtracted in the first taxable year  
3 beginning or deemed to begin on or after January 1, 2006, under the  
4 Internal Revenue Code of 1986, as amended, and twenty percent in each of  
5 the next four following taxable years.

6 (10) For taxable years beginning or deemed to begin on or after  
7 January 1, 2003, and before January 1, 2006, under the Internal Revenue  
8 Code of 1986, as amended, federal adjusted gross income or, for  
9 corporations and fiduciaries, federal taxable income shall be increased  
10 by the amount of any capital investment that is expensed under section  
11 179 of the Internal Revenue Code of 1986, as amended, that is in excess  
12 of twenty-five thousand dollars that is allowed under the federal Jobs  
13 and Growth Tax Act of 2003. Twenty percent of the total amount of  
14 expensing added back by this subsection for tax years beginning or deemed  
15 to begin on or after January 1, 2003, may be subtracted in the first  
16 taxable year beginning or deemed to begin on or after January 1, 2006,  
17 under the Internal Revenue Code of 1986, as amended, and twenty percent  
18 in each of the next four following tax years.

19 (11)(a) For taxable years beginning or deemed to begin before  
20 January 1, 2018, under the Internal Revenue Code of 1986, as amended,  
21 federal adjusted gross income shall be reduced by contributions, up to  
22 two thousand dollars per married filing jointly return or one thousand  
23 dollars for any other return, and any investment earnings made as a  
24 participant in the Nebraska long-term care savings plan under the Long-  
25 Term Care Savings Plan Act, to the extent not deducted for federal income  
26 tax purposes.

27 (b) For taxable years beginning or deemed to begin before January 1,  
28 2018, under the Internal Revenue Code of 1986, as amended, federal  
29 adjusted gross income shall be increased by the withdrawals made as a  
30 participant in the Nebraska long-term care savings plan under the act by  
31 a person who is not a qualified individual or for any reason other than

1 transfer of funds to a spouse, long-term care expenses, long-term care  
2 insurance premiums, or death of the participant, including withdrawals  
3 made by reason of cancellation of the participation agreement, to the  
4 extent previously deducted as a contribution or as investment earnings.

5 (12) There shall be added to federal adjusted gross income for  
6 individuals, estates, and trusts any amount taken as a credit for  
7 franchise tax paid by a financial institution under sections 77-3801 to  
8 77-3807 as allowed by subsection (5) of section 77-2715.07.

9 (13)(a) For taxable years beginning or deemed to begin on or after  
10 January 1, 2015, and before January 1, 2024, under the Internal Revenue  
11 Code of 1986, as amended, federal adjusted gross income shall be reduced  
12 by the amount received as benefits under the federal Social Security Act  
13 which are included in the federal adjusted gross income if:

14 (i) For taxpayers filing a married filing joint return, federal  
15 adjusted gross income is fifty-eight thousand dollars or less; or

16 (ii) For taxpayers filing any other return, federal adjusted gross  
17 income is forty-three thousand dollars or less.

18 (b) For taxable years beginning or deemed to begin on or after  
19 January 1, 2020, and before January 1, 2024, under the Internal Revenue  
20 Code of 1986, as amended, the Tax Commissioner shall adjust the dollar  
21 amounts provided in subdivisions (13)(a)(i) and (ii) of this section by  
22 the same percentage used to adjust individual income tax brackets under  
23 subsection (3) of section 77-2715.03.

24 (c) For taxable years beginning or deemed to begin on or after  
25 January 1, 2021, and before January 1, 2024, under the Internal Revenue  
26 Code of 1986, as amended, a taxpayer may claim the reduction to federal  
27 adjusted gross income allowed under this subsection or the reduction to  
28 federal adjusted gross income allowed under subsection (14) of this  
29 section, whichever provides the greater reduction.

30 (14)(a) For taxable years beginning or deemed to begin on or after  
31 January 1, 2021, under the Internal Revenue Code of 1986, as amended,



1 federal adjusted gross income shall be reduced by a percentage of the  
2 social security benefits that are received and included in federal  
3 adjusted gross income. The pertinent percentage shall be:

4 (i) Five percent for taxable years beginning or deemed to begin on  
5 or after January 1, 2021, and before January 1, 2022, under the Internal  
6 Revenue Code of 1986, as amended;

7 (ii) Forty percent for taxable years beginning or deemed to begin on  
8 or after January 1, 2022, and before January 1, 2023, under the Internal  
9 Revenue Code of 1986, as amended;

10 (iii) Sixty percent for taxable years beginning or deemed to begin  
11 on or after January 1, 2023, and before January 1, 2024, under the  
12 Internal Revenue Code of 1986, as amended; and

13 (iv) One hundred percent for taxable years beginning or deemed to  
14 begin on or after January 1, 2024, under the Internal Revenue Code of  
15 1986, as amended.

16 (b) For purposes of this subsection, social security benefits means  
17 benefits received under the federal Social Security Act.

18 (c) For taxable years beginning or deemed to begin on or after  
19 January 1, 2021, and before January 1, 2024, under the Internal Revenue  
20 Code of 1986, as amended, a taxpayer may claim the reduction to federal  
21 adjusted gross income allowed under this subsection or the reduction to  
22 federal adjusted gross income allowed under subsection (13) of this  
23 section, whichever provides the greater reduction.

24 (15)(a) For taxable years beginning or deemed to begin on or after  
25 January 1, 2015, and before January 1, 2022, under the Internal Revenue  
26 Code of 1986, as amended, an individual may make a one-time election  
27 within two calendar years after the date of his or her retirement from  
28 the military to exclude income received as a military retirement benefit  
29 by the individual to the extent included in federal adjusted gross income  
30 and as provided in this subdivision. The individual may elect to exclude  
31 forty percent of his or her military retirement benefit income for seven

1 consecutive taxable years beginning with the year in which the election  
2 is made or may elect to exclude fifteen percent of his or her military  
3 retirement benefit income for all taxable years beginning with the year  
4 in which he or she turns sixty-seven years of age.

5 (b) For taxable years beginning or deemed to begin on or after  
6 January 1, 2022, under the Internal Revenue Code of 1986, as amended, an  
7 individual may exclude one hundred percent of the military retirement  
8 benefit income received by such individual to the extent included in  
9 federal adjusted gross income.

10 (c) For purposes of this subsection, military retirement benefit  
11 means retirement benefits that are periodic payments attributable to  
12 service in the uniformed services of the United States for personal  
13 services performed by an individual prior to his or her retirement. The  
14 term includes retirement benefits described in this subdivision that are  
15 reported to the individual on either:

16 (i) An Internal Revenue Service Form 1099-R received from the United  
17 States Department of Defense; or

18 (ii) An Internal Revenue Service Form 1099-R received from the  
19 United States Office of Personnel Management.

20 (16) For taxable years beginning or deemed to begin on or after  
21 January 1, 2021, under the Internal Revenue Code of 1986, as amended,  
22 federal adjusted gross income shall be reduced by the amount received as  
23 a Segal AmeriCorps Education Award, to the extent such amount is included  
24 in federal adjusted gross income.

25 (17) For taxable years beginning or deemed to begin on or after  
26 January 1, 2022, under the Internal Revenue Code of 1986, as amended,  
27 federal adjusted gross income shall be reduced by the amount received by  
28 or on behalf of a firefighter for cancer benefits under the Firefighter  
29 Cancer Benefits Act to the extent included in federal adjusted gross  
30 income.

31 (18) There shall be subtracted from the federal adjusted gross

1 income of individuals any amount received by the individual as student  
2 loan repayment assistance under the Teach in Nebraska Today Act, to the  
3 extent such amount is included in federal adjusted gross income.

4 (19) For taxable years beginning or deemed to begin on or after  
5 January 1, 2023, under the Internal Revenue Code of 1986, as amended, a  
6 retired individual who was employed full time as a firefighter or  
7 certified law enforcement officer for at least twenty years and who is at  
8 least sixty years of age as of the end of the taxable year may reduce his  
9 or her federal adjusted gross income by the amount of health insurance  
10 premiums paid by such individual during the taxable year, to the extent  
11 such premiums were not already deducted in determining the individual's  
12 federal adjusted gross income.

13 (20) For taxable years beginning or deemed to begin on or after  
14 January 1, 2024, under the Internal Revenue Code of 1986, as amended, an  
15 individual may reduce his or her federal adjusted gross income by the  
16 amounts received as annuities under the Federal Employees Retirement  
17 System or the Civil Service Retirement System which were earned for being  
18 employed by the federal government, to the extent such amounts are  
19 included in federal adjusted gross income.

20 (21) For taxable years beginning or deemed to begin on or after  
21 January 1, 2025, under the Internal Revenue Code of 1986, as amended, an  
22 individual who is a qualifying employee as defined in section 2 of this  
23 act may reduce his or her federal adjusted gross income by the amount  
24 allowed under section 4 of this act.

25 Sec. 8. Section 77-2717, Revised Statutes Supplement, 2023, is  
26 amended to read:

27 77-2717 (1)(a)(i) For taxable years beginning or deemed to begin  
28 before January 1, 2014, the tax imposed on all resident estates and  
29 trusts shall be a percentage of the federal taxable income of such  
30 estates and trusts as modified in section 77-2716, plus a percentage of  
31 the federal alternative minimum tax and the federal tax on premature or

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

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

1 Relocation Incentive Act, and the Renewable Chemical Production Tax  
2 Credit Act. A nonrefundable income tax credit shall be allowed for all  
3 resident estates and trusts as provided in the Nebraska Job Creation and  
4 Mainstreet Revitalization Act, the New Markets Job Growth Investment Act,  
5 the School Readiness Tax Credit Act, the Child Care Tax Credit Act, the  
6 Affordable Housing Tax Credit Act, the Opportunity Scholarships Act, and  
7 sections 77-27,238, 77-27,240, and 77-27,241.

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

1 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 Opportunity Scholarships Act, and sections 77-27,238,  
4 77-27,240, and 77-27,241.

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

17 (3) The beneficiaries of such estate or trust who are residents of  
18 this state shall include in their income their proportionate share of  
19 such estate's or trust's federal income and shall reduce their Nebraska  
20 tax liability by their proportionate share of the credits as provided in  
21 the Angel Investment Tax Credit Act, the Nebraska Advantage  
22 Microenterprise Tax Credit Act, the Nebraska Advantage Research and  
23 Development Act, the Nebraska Job Creation and Mainstreet Revitalization  
24 Act, the New Markets Job Growth Investment Act, the School Readiness Tax  
25 Credit Act, the Child Care Tax Credit Act, the Affordable Housing Tax  
26 Credit Act, the Nebraska Biodiesel Tax Credit Act, the Nebraska Higher  
27 Blend Tax Credit Act, the Nebraska Property Tax Incentive Act, the  
28 Relocation Incentive Act, the Renewable Chemical Production Tax Credit  
29 Act, the Opportunity Scholarships Act, and sections 77-27,238, 77-27,240,  
30 and 77-27,241. There shall be allowed to a beneficiary a refundable  
31 income tax credit under the Beginning Farmer Tax Credit Act for all

1 taxable years beginning or deemed to begin on or after January 1, 2001,  
2 under the Internal Revenue Code of 1986, as amended.

3 (4) If any beneficiary of such estate or trust is a nonresident  
4 during any part of the estate's or trust's taxable year, he or she shall  
5 file a Nebraska income tax return which shall include (a) in Nebraska  
6 adjusted gross income that portion of the estate's or trust's Nebraska  
7 income, as determined under sections 77-2724 and 77-2725, allocable to  
8 his or her interest in the estate or trust and (b) a reduction of the  
9 Nebraska tax liability by his or her proportionate share of the credits  
10 as provided in the Angel Investment Tax Credit Act, the Nebraska  
11 Advantage Microenterprise Tax Credit Act, the Nebraska Advantage Research  
12 and Development Act, the Nebraska Job Creation and Mainstreet  
13 Revitalization Act, the New Markets Job Growth Investment Act, the School  
14 Readiness Tax Credit Act, the Child Care Tax Credit Act, the Affordable  
15 Housing Tax Credit Act, the Nebraska Biodiesel Tax Credit Act, the  
16 Nebraska Higher Blend Tax Credit Act, the Nebraska Property Tax Incentive  
17 Act, the Relocation Incentive Act, the Renewable Chemical Production Tax  
18 Credit Act, the Opportunity Scholarships Act, and sections 77-27,238,  
19 77-27,240, and 77-27,241 and shall execute and forward to the fiduciary,  
20 on or before the original due date of the Nebraska fiduciary return, an  
21 agreement which states that he or she will file a Nebraska income tax  
22 return and pay income tax on all income derived from or connected with  
23 sources in this state, and such agreement shall be attached to the  
24 Nebraska fiduciary return for such taxable year.

25 (5) In the absence of the nonresident beneficiary's executed  
26 agreement being attached to the Nebraska fiduciary return, the estate or  
27 trust shall remit a portion of such beneficiary's income which was  
28 derived from or attributable to Nebraska sources with its Nebraska return  
29 for the taxable year. For taxable years beginning or deemed to begin  
30 before January 1, 2013, the amount of remittance, in such instance, shall  
31 be the highest individual income tax rate determined under section

1 77-2715.02 multiplied by the nonresident beneficiary's share of the  
2 estate or trust income which was derived from or attributable to sources  
3 within this state. For taxable years beginning or deemed to begin on or  
4 after January 1, 2013, the amount of remittance, in such instance, shall  
5 be the highest individual income tax rate determined under section  
6 77-2715.03 multiplied by the nonresident beneficiary's share of the  
7 estate or trust income which was derived from or attributable to sources  
8 within this state. The amount remitted shall be allowed as a credit  
9 against the Nebraska income tax liability of the beneficiary.

10 (6) The Tax Commissioner may allow a nonresident beneficiary to not  
11 file a Nebraska income tax return if the nonresident beneficiary's only  
12 source of Nebraska income was his or her share of the estate's or trust's  
13 income which was derived from or attributable to sources within this  
14 state, the nonresident did not file an agreement to file a Nebraska  
15 income tax return, and the estate or trust has remitted the amount  
16 required by subsection (5) of this section on behalf of such nonresident  
17 beneficiary. The amount remitted shall be retained in satisfaction of the  
18 Nebraska income tax liability of the nonresident beneficiary.

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

26 (8) For purposes of this section, any beneficiary of an estate or  
27 trust that is a grantor trust of a nonresident shall be disregarded and  
28 this section shall apply as though the nonresident grantor was the  
29 beneficiary.

30 Sec. 9. Section 77-2734.03, Revised Statutes Supplement, 2023, is  
31 amended to read:



1           77-2734.03 (1)(a) For taxable years commencing prior to January 1,  
2 1997, any (i) insurer paying a tax on premiums and assessments pursuant  
3 to section 77-908 or 81-523, (ii) electric cooperative organized under  
4 the Joint Public Power Authority Act, or (iii) credit union shall be  
5 credited, in the computation of the tax due under the Nebraska Revenue  
6 Act of 1967, with the amount paid during the taxable year as taxes on  
7 such premiums and assessments and taxes in lieu of intangible tax.

8           (b) For taxable years commencing on or after January 1, 1997, any  
9 insurer paying a tax on premiums and assessments pursuant to section  
10 77-908 or 81-523, any electric cooperative organized under the Joint  
11 Public Power Authority Act, or any credit union shall be credited, in the  
12 computation of the tax due under the Nebraska Revenue Act of 1967, with  
13 the amount paid during the taxable year as (i) taxes on such premiums and  
14 assessments included as Nebraska premiums and assessments under section  
15 77-2734.05 and (ii) taxes in lieu of intangible tax.

16           (c) For taxable years commencing or deemed to commence prior to, on,  
17 or after January 1, 1998, any insurer paying a tax on premiums and  
18 assessments pursuant to section 77-908 or 81-523 shall be credited, in  
19 the computation of the tax due under the Nebraska Revenue Act of 1967,  
20 with the amount paid during the taxable year as assessments allowed as an  
21 offset against premium and related retaliatory tax liability pursuant to  
22 section 44-4233.

23           (2) There shall be allowed to corporate taxpayers a tax credit for  
24 contributions to community betterment programs as provided in the  
25 Community Development Assistance Act.

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

30           (4) The changes made to this section by Laws 2004, LB 983, apply to  
31 motor fuels purchased during any tax year ending or deemed to end on or

1 after January 1, 2005, under the Internal Revenue Code of 1986, as  
2 amended.

3 (5) There shall be allowed to corporate taxpayers refundable income  
4 tax credits under the Nebraska Advantage Microenterprise Tax Credit Act,  
5 the Nebraska Advantage Research and Development Act, the Nebraska  
6 Biodiesel Tax Credit Act, the Nebraska Higher Blend Tax Credit Act, the  
7 Nebraska Property Tax Incentive Act, the Relocation Incentive Act, and  
8 the Renewable Chemical Production Tax Credit Act.

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

12 (7) There shall be allowed to corporate taxpayers a nonrefundable  
13 income tax credit as provided in the Nebraska Job Creation and Mainstreet  
14 Revitalization Act, the New Markets Job Growth Investment Act, the School  
15 Readiness Tax Credit Act, the Child Care Tax Credit Act, the Affordable  
16 Housing Tax Credit Act, the Opportunity Scholarships Act, and sections  
17 77-27,238, 77-27,240, and 77-27,241.

18 Sec. 10. Original sections 77-2715.07, 77-2416, 77-2717, and  
19 77-2734.03, Revised Statutes Supplement, 2023, are repealed.