

LEGISLATIVE BILL 937

Approved by the Governor April 23, 2024

Introduced by Bostar, 29; Sanders, 45; Day, 49; Vargas, 7; McDonnell, 5.

A BILL FOR AN ACT relating to revenue and taxation; to amend section 66-489, Reissue Revised Statutes of Nebraska, sections 66-482, 77-908, 77-3806, and 81-1220, Revised Statutes Cumulative Supplement, 2022, and sections 77-2701, 77-2701.04, 77-2701.41, 77-2704.12, 77-2711, 77-2713, 77-2715.07, 77-2716, 77-2717, 77-2734.03, 77-27,223, 77-27,241, 77-7012, and 77-7015, Revised Statutes Supplement, 2023; to adopt the Cast and Crew Nebraska Act, the Nebraska Shortline Rail Modernization Act, the Nebraska Pregnancy Help Act, the Individuals with Intellectual and Developmental Disabilities Support Act, the Medical Debt Relief Act, the Sustainable Aviation Fuel Tax Credit Act, the Caregiver Tax Credit Act, and the Reverse Osmosis System Tax Credit Act; to change provisions relating to fuel tax; to provide for sales and use tax exemptions; to change provisions relating to tax credits; to provide for grant programs for the film industry; to define and redefine terms; to eliminate obsolete provisions; to harmonize provisions; to provide operative dates; to repeal the original sections; and to outright repeal section 66-4,146.01, Reissue Revised Statutes of Nebraska.

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

Section 1. Sections 1 to 13 of this act shall be known and may be cited as the Cast and Crew Nebraska Act.

Sec. 2. (1) The Legislature finds that:

(a) Film and television production in Nebraska not only provides jobs for residents of Nebraska and dollars for Nebraska businesses but also enhances the state's image nationwide;

(b) The high cost of film and television production is driving such production to other states, and the industry is always seeking attractive locations that can help cut the costs of production;

(c) The retention of Nebraska's youth is one of the top priorities in growing the state's economy. Film studies and creative arts students from the universities and colleges in Nebraska are taking their talents to other states due to the lack of strongly developed media production facilities within the state;

(d) The State of Nebraska, with a competitive incentive, can build on past success as an attractive site for film and television production;

(e) Nebraska is presently among several states with minimal incentives to attract the film and television industry; and

(f) A new and attractive film incentive should be used in conjunction with the Local Option Municipal Economic Development Act, passed by the Ninety-Second Legislature, First Session, 1991, as Legislative Bill 840, for municipalities that have included production of films or television programs as a qualifying business expense.

(2) It is the intent of the Legislature to provide an incentive that will allow the state to compete with other states and increase film and television production in this state.

Sec. 3. For purposes of the Cast and Crew Nebraska Act:

(1) Above-the-line employee means production company employees involved in the creative development, direct production, and direction of a production activity including screenwriters, producers, directors, casting directors, and cast;

(2) Below-the-line employee means production company employees that are responsible for keeping production operations on schedule and preparing all lights, sets, props, and other aspects for production;

(3) Department means the Department of Economic Development;

(4)(a) Expatriate means a person that previously resided in Nebraska for at least one year but does not currently reside in Nebraska.

(b) The Nebraska Film Office shall partner with other instate film offices, production companies, chambers of commerce, and convention and visitors bureaus in the state to maintain a roster of cast and crew who are expatriates and shall make such roster available to any production company upon request;

(5) Film office means a specialized office under the authority of a government entity or an administrative office with the purpose of promoting the local region through the development of film, video, and multimedia productions;

(6) Full-length means a production at least sixty minutes in length including credits;

(7) Loan out means payments to a loan out company by a production company if the production company withheld and remitted Nebraska applicable income tax on all payments to the loan out company for services performed in this state. The amount withheld is considered to have been withheld by the loan out company on wages paid to its employees for services performed in this state. Loan out company nonresident employees performing services in this state must be

considered taxable nonresidents, and the loan out company is subject to income taxation in the taxable year in which the loan out company's employees perform services in this state;

(8) Loan out company means a United States business entity in which the creator is an employee whose services are loaned out by the corporate body;

(9) Nebraska Film Office means the Nebraska Film Office within the Department of Economic Development or its successor;

(10) Nebraska supplier means a brick and mortar Nebraska-based corporation or limited liability company registered, licensed, and in good standing with the Secretary of State;

(11) Post-production means the time period after the production is completed and the editing of the visual and audio materials begins. Post-production includes, but is not limited to, all of the tasks associated with cutting raw footage, assembling that footage, and adding and dubbing music, sound effects, and visual effects;

(12) Pre-production means the planning process and execution of every task that must take place before production begins;

(13) Principal photography means the creative execution phase of film production between pre-production and post-production;

(14)(a) Production activity means production of a new film, video, or digital project in this state. This includes the scouting, pre-production, principal photography, and post-production of projects filmed or recorded in this state, in whole or in part and in short or long form and animation, fixed on a delivery system, including film, videotape, computer disc, laser disc, and any element of the digital domain, from which the program is viewed or reproduced and which is intended for multimarket commercial distribution via a theater, video on demand, digital or fiber optic distribution platforms, digital video recording, a digital platform designed for distribution of interactive games, licensing for exhibition by individual television stations, groups of stations, networks, advertiser-supported sites, cable television stations, streaming services, or public broadcasting stations.

(b) Production activity includes full-length films, animation projects, documentaries, short-length films, and over-the-air and streaming television programming, except those television programs that are exclusively for news, weather, sports, financial market reports, or instructional videos, and also includes commercial advertisements, except commercials containing political promotions, infomercials, or commercials distributed only on the Internet.

(c) Production activity does not include any project with sexually explicit or obscene material;

(15) Production company means a corporation, partnership, limited liability company, or other business entity engaged in the business of creating productions and registered with the Secretary of State to engage in business in Nebraska;

(16)(a) Production expenditure report means a report issued and submitted by a certified public accountant that verifies all expenses of a production activity and ensures all expenses have been paid in full.

(b) The production company shall pay the certified public accountant for preparation of the report and such payment is a qualifying expenditure under section 4 of this act;

(17) Qualified production activity means any production activity approved by the department after application for qualification;

(18) Resident means any individual domiciled in the State of Nebraska and any other individual who maintains a permanent place of residence within the state even though temporarily absent from the state and who has not established a residence elsewhere;

(19) Scouting means finding places to shoot commercials, television shows, or movies and searching for interior and exterior venues to serve as the setting for scenes depicted in a script during pre-production;

(20) Screen credit means a logo developed by the Nebraska Film Office and mentioned in the production credits and end titles declaring the production activity was filmed in Nebraska;

(21) Screenplay means a film, movie, television show, or other motion picture in written form; and

(22) Short-length means a production more than thirty seconds and less than forty minutes including credits.

Sec. 4. (1) For purposes of the Cast and Crew Nebraska Act, qualifying expenditure includes:

(a) Pre-production, production, and post-production expenditures made in Nebraska that are subject to taxation by the state;

(b) Scouting and spending related to the production activity in the state prior to application for qualification;

(c)(i) Above-the-line employee wages for residents of Nebraska or paid through a Nebraska loan out company.

(ii) Loan out companies will be required to pay applicable Nebraska income taxes.

(iii) The total above-the-line employee wages and related expenses shall be not more than twenty-five percent of the total instate expenditures of a production activity;

(d) Below-the-line employee wages;

(e) Per diems of up to thirty dollars per day per employee; and

(f) Expenditures not otherwise available for rental or purchase within Nebraska and paid for via a Nebraska supplier.

(2) Qualifying expenditures do not include:

(a) Wages paid to independent contractors, or self-employed individuals, except that wages shown to be paid by a Nebraska-based production company for a commercial production activity and wages the taxes of which are shown to be withheld by the employer may be approved by the department on the application for the tax credit;

(b) Above-the-line employee per diems or living allowance expenses;

(c) Taxes imposed pursuant to the Federal Insurance Contributions Act and other payroll taxes;

(d) Contributions under the Federal Unemployment Tax Act and the Employment Security Law; and

(e) Union dues and benefits.

Sec. 5. (1) For taxable years beginning or deemed to begin on or after January 1, 2025, a production company shall be eligible to receive tax credits under the Cast and Crew Nebraska Act for qualifying expenditures incurred by the production company in Nebraska directly attributable to a qualified production activity.

(2) The tax credit under the Cast and Crew Nebraska Act shall be a refundable tax credit allowed against the income tax imposed by the Nebraska Revenue Act of 1967 in an amount equal to twenty percent of the qualifying expenditures incurred by the production company directly attributable to a qualified production activity.

(3) The amount of the tax credit may be increased by any or all of the following amounts:

(a) An additional five percent of the qualifying expenditures incurred by the production company directly attributable to a qualified production activity if the qualified production activity films Nebraska as Nebraska in Nebraska, contains a minimum of seventy percent of the principal photography from the original submitted screenplay based in Nebraska, and uses a screen credit;

(b) An additional five percent of the qualifying expenditures incurred by the production company directly attributable to a full-length qualified production activity if the qualified production activity films entirely in areas at least thirty miles from the corporate limits of a city of the metropolitan class or city of the primary class; and

(c)(i) An additional five percent of qualified expenditures incurred by the production company directly attributable to a full-length qualified production activity that are wages paid, at a rate of at least the Nebraska minimum wage, to Nebraska residents who are employed as first-time actors or first-time below-the-line employees.

(ii) For purposes of subdivision (3)(c)(i) of this section, first-time means the individual's first-time receiving compensation and wages as either an actor or as a below-the-line employee on a full-length film in the State of Nebraska.

(iii) The wages of a maximum of ten first-time actors and below-the-line employees per full-length film can be used in calculating the tax credit in subdivision (3)(c)(i) of this section.

Sec. 6. (1) The total amount of tax credits allowed in any fiscal year under the Cast and Crew Nebraska Act shall not exceed five hundred thousand dollars in fiscal year 2025-26 and one million dollars in any fiscal year thereafter.

(2) The maximum allowable tax credit claimed under the act in any single taxable year for any qualified production activity that is a full-length film, made-for-television movie, television series of at least five episodes, or streaming television series shall not exceed five hundred thousand dollars in fiscal year 2025-26 and one million dollars in any fiscal year thereafter.

Sec. 7. (1) For a production activity to qualify as a qualified production activity under the Cast and Crew Nebraska Act, a production company must file an application for qualification of a production activity to the department at least:

(a) Thirty days prior to the start of principal photography for a full-length film, documentary, or television programming; and

(b) Ten days prior to the start of filming for a short-length film, animation project, or commercial.

(2) The application shall be submitted on a form prescribed by the department and shall include the following:

(a) A nonrefundable fee of five hundred dollars;

(b) A detailed description of the production activity;

(c) An estimate of expected qualifying expenditures for the production activity;

(d) A certificate of general liability insurance with a minimum coverage of one million dollars;

(e) A worker's compensation policy;

(f)(i) Except as provided in subdivision (2)(f)(ii) of this section, documentation that shows the production activity is fully funded other than post-production expenditures.

(ii) If a production activity is a commercial production activity, documentation showing full funding for post-production expenditures shall be included; and

(g) Any other information or documentation required by the department.

Sec. 8. (1) If the department determines that an application for qualification is complete and that the production activity qualifies under the Cast and Crew Nebraska Act, the department shall approve the application, notify the production company of the approval, and issue a screen credit to the production company that can be used to meet the requirements for the tax credit

increase under subdivision (3)(a) of section 5 of this act.

(2) The department shall consider and approve applications for qualification under the act in the order in which the applications are received.

Sec. 9. To receive tax credits under the Cast and Crew Nebraska Act, the production company shall submit an application to the department on a form prescribed by the department after the completion of the qualified production activity. Such application shall contain the following information:

(1) The total amount of qualifying expenditures for the qualified production activity;

(2) The production expenditure report for the qualified production activity;

(3) Documentation showing the total expenditures for the qualified production activity are greater than or equal to:

(a) Five hundred thousand dollars for a full-length film or made-for-television movie;

(b) Five hundred thousand dollars per over-the-air and streaming television programing episode; or

(c) Twenty-five thousand dollars per short-length film, documentary, animation project, or commercial;

(4) Documentation showing the total amount of individual or loan out company wages or earnings paid during the qualified production activity is five hundred thousand dollars or less;

(5) Documentation showing at least forty percent of the production days for the qualified production activity were in Nebraska and, for full-length films only, at least ten days of production were in Nebraska;

(6) Documentation showing at least forty percent of the below-the-line employees of the qualified production activity were Nebraska residents with expatriates included in the percentage but not exceeding fifteen percent of the total below-the-line employees;

(7) Documentation showing at least fifteen percent of the cast of the qualified production activity were Nebraska residents with expatriates included in the percentage;

(8) If applying for the tax credit under subdivision (3)(c)(i) of section 5 of this act, proof of Nebraska residency for all employees whose wages will be part of the calculation of such credit for the qualified production activity; and

(9) Any other information or documentation required by the department.

Sec. 10. (1) If the department determines that an application is complete and that the production company qualifies for tax credits under the Cast and Crew Nebraska Act, the department shall approve the application, notify the production company of the approval, and conduct an audit of each qualified production activity.

(2) Each audit shall:

(a) Be completed in accordance with this section and the procedures developed by the department;

(b) Use sampling methods that the department may adopt;

(c) Follow rules and regulations adopted and promulgated by the department;

(d) Verify each reported qualifying expenditure and identify and exclude each such expenditure that does not fully meet the conditions of the act; and

(e) Exclude any expenditure not submitted with or that was incurred after the application required by section 9 of this act was submitted.

(3) Upon completion of the audit, the department shall adjust the value of the tax credit as necessary and issue a tax credit certification to the production company. The certificate shall include the following information:

(a) An identification number for the certificate;

(b) The date of issuance for the certificate; and

(c) The amount of the tax credit allowed under the act for the production company.

(4) The department shall consider and approve applications for tax credits under the act in the order in which the applications are received.

Sec. 11. (1) A taxpayer shall claim the tax credit under the Cast and Crew Nebraska Act by attaching the tax credit certification received from the department under section 10 of this act to its tax return for the taxable year in which the tax credit certification was issued or in the three taxable years immediately following the taxable year in which the tax credit certification was issued.

(2) The tax credits allowed under the Cast and Crew Nebraska Act may be transferred by the production company to any Nebraska taxpayer at any time during the taxable year in which the tax credit certification was issued to the transferor or in the three taxable years immediately following the taxable year in which the tax credit certification was issued to the transferor. The transferee shall pay the transferor at least eighty-five percent of the value of the transferred tax credits in order to acquire such credits.

Sec. 12. A production company that receives tax credits under the Cast and Crew Nebraska Act shall not be eligible for a grant under subsection (3) of section 81-1220.

Sec. 13. The department shall adopt and promulgate rules and regulations to carry out the Cast and Crew Nebraska Act.

Sec. 14. Sections 14 to 23 of this act shall be known and may be cited as the Nebraska Shortline Rail Modernization Act.

Sec. 15. For purposes of the Nebraska Shortline Rail Modernization Act:

(1) Department means the Department of Revenue;

(2) Eligible taxpayer means any shortline railroad company located wholly or partly in Nebraska that is classified by the federal Surface Transportation Board as a Class III railroad;

(3)(a) Qualified shortline railroad maintenance expenditures means gross expenditures for railroad infrastructure maintenance and capital improvements, including, but not limited to, rail, tie plates, joint bars, fasteners, switches, ballast, subgrade, roadbed, bridges, industrial leads, sidings, signs, safety barriers, crossing signals and gates, and related track structures owned or leased by a Class III railroad.

(b) Qualified shortline railroad maintenance expenditures does not include expenditures used to generate a federal tax credit or expenditures funded by a federal grant; and

(4) Taxpayer means any individual, corporation, partnership, limited liability company, trust, estate, or other entity subject to the income tax imposed by the Nebraska Revenue Act of 1967 or any tax imposed by sections 77-907 to 77-918 or 77-3801 to 77-3807.

Sec. 16. (1) For taxable years beginning or deemed to begin on or after January 1, 2025, under the Internal Revenue Code of 1986, as amended, an eligible taxpayer shall be allowed a credit against the income tax imposed by the Nebraska Revenue Act of 1967 or any tax imposed by sections 77-907 to 77-918 or 77-3801 to 77-3807 for qualified shortline railroad maintenance expenditures.

(2) The credit provided in this section shall be a nonrefundable tax credit equal to fifty percent of the qualified shortline railroad maintenance expenditures incurred during the taxable year by the eligible taxpayer. The amount of the credit may not exceed an amount equal to one thousand five hundred dollars multiplied by the number of miles of railroad track owned or leased in the state by the eligible taxpayer at the end of the taxable year.

(3) The total amount of tax credits allowed in a fiscal year under the Nebraska Shortline Rail Modernization Act shall not exceed five hundred thousand dollars for fiscal year 2025-26 and one million dollars for any fiscal year thereafter.

Sec. 17. To receive tax credits under the Nebraska Shortline Rail Modernization Act, an eligible taxpayer shall submit an application to the department on a form prescribed by the department after incurring the relevant qualified shortline railroad maintenance expenditures. The application shall be submitted no later than May 1 of the calendar year immediately following the calendar year in which the expenditures were incurred. The application shall include the following information:

(1) The number of miles of railroad track owned or leased in this state by the eligible taxpayer; and

(2) A description of the amount of qualified shortline railroad maintenance expenditures incurred by the eligible taxpayer.

Sec. 18. (1) If the department determines that an application is complete and that the eligible taxpayer qualifies for tax credits under the Nebraska Shortline Rail Modernization Act, the department shall approve the application and issue a tax credit certificate to the eligible taxpayer. The certificate shall include the following information:

(a) An identification number for the certificate;

(b) The date of issuance for the certificate; and

(c) The amount of the tax credit allowed under the act for the eligible taxpayer.

(2) The department shall consider and approve applications for tax credits under the act in the order in which the applications are received.

Sec. 19. (1) A taxpayer shall claim the tax credit under the Nebraska Shortline Rail Modernization Act by attaching the tax credit certification received from the department under section 18 of this act to its tax return.

(2) Any amount of the credit that is unused may be carried forward and applied against the taxpayer's tax liability for the next five taxable years immediately following the taxable year in which the credit was first allowed.

Sec. 20. The tax credits allowed under the Nebraska Shortline Rail Modernization Act may be assigned by the eligible taxpayer to another taxpayer by written agreement at any time during the taxable year in which the credit was first allowed for the eligible taxpayer or in the five taxable years immediately following the taxable year in which the credit was first allowed for the eligible taxpayer. The assignor and assignee shall jointly file a copy of the written assignment agreement with the department within thirty days of the assignment. The written agreement shall contain the name, address, and taxpayer identification number of the parties to the assignment, the taxable year the eligible taxpayer incurred the expenditures, the amount of credit being assigned, and all taxable years for which the credit may be claimed.

Sec. 21. Any tax credit allowable to a partnership, a limited liability company, a subchapter S corporation, or an estate or trust may be distributed to the partners, limited liability company members, shareholders, or beneficiaries in the same manner as income is distributed.

Sec. 22. The department may adopt and promulgate rules and regulations to carry out the Nebraska Shortline Rail Modernization Act.

Sec. 23. There shall be no new applications for tax credits filed under the Nebraska Shortline Rail Modernization Act after December 31, 2033. All applications and all credits pending or approved before such date shall continue in full force and effect.

Sec. 24. Sections 24 to 33 of this act shall be known and may be cited as

the Nebraska Pregnancy Help Act.

Sec. 25. The Legislature finds and declares that:

(1) Pregnancy help organizations in the State of Nebraska and nationwide provide under-supported pregnant women with services, free of charge, that are crucial for their physical, emotional, and familial wellbeing, including pregnancy testing, pregnancy and prenatal care education, counseling, food, clothing, housing, transportation, parenting and life skills classes, child care, licensed medical care, and referrals to additional community services and material help;

(2) Pregnancy help organizations also provide personal relationships and a strong local support network for such women and their families that cannot be replicated by even the best and most effective government programs; and

(3) It shall be the policy of the State of Nebraska, through the creation of the Nebraska Pregnancy Help Act, to encourage and celebrate pregnancy help organizations in this state and to incentivize private donations for the furtherance of their good work through the creation of a tax credit.

Sec. 26. For purposes of the Nebraska Pregnancy Help Act:

(1) Department means the Department of Revenue; and

(2) Eligible charitable organization means an organization that:

(a) Is exempt from federal income taxation under section 501(c)(3) of the Internal Revenue Code of 1986, as amended;

(b) Does not receive more than seventy-five percent of its total annual revenue from federal, state, or local governmental grants or sources, either directly or as a contractor;

(c) Is a pregnancy help organization that:

(i) Regularly answers a dedicated telephone number for clients;

(ii) Maintains its physical office, clinic, or maternity home in the State of Nebraska;

(iii) Offers services at no cost to the client for the express purposes of providing assistance to women in order to carry their pregnancies to term, encourage and enable parenting or adoption, prevent abortion, and promote healthy childbirths; and

(iv) Utilizes licensed medical professionals for any medical services offered;

(d) Does not provide, pay for, provide coverage of, refer for, recommend, or promote abortions and does not financially support any entity that provides, pays for, provides coverage of, refers for, recommends, or promotes abortions, including nonsurgical abortions; and

(e) Is approved by the department pursuant to section 27 of this act.

Sec. 27. (1) An organization seeking to become an eligible charitable organization shall provide the department with a written certification that it meets all criteria to be considered an eligible charitable organization. The certification must be signed by an officer of the organization under penalty of perjury. The certification shall include the following:

(a) Verification of the organization's status under section 501(c)(3) of the Internal Revenue Code of 1986, as amended;

(b) A statement that the organization does not receive more than seventy-five percent of its total annual revenue from federal, state, or local governmental grants or sources, either directly or as a contractor;

(c) A statement that the organization maintains its physical office, clinic, or maternity home in the State of Nebraska; and

(d) A statement that the organization does not provide, pay for, provide coverage of, refer for, recommend, or promote abortions and does not financially support any entity that provides, pays for, provides coverage of, refers for, recommends, or promotes abortions, including nonsurgical abortions.

(2) The department shall review each written certification and determine whether the organization meets all of the criteria to be considered an eligible charitable organization and shall notify the organization of its determination. Any organization whose certification is approved under this section shall be considered an eligible charitable organization.

(3) An organization shall notify the department within sixty days of any changes that may affect its status as an eligible charitable organization.

(4) The department may periodically request recertification from an organization that was previously approved as an eligible charitable organization under this section.

(5) The department shall compile and make available to the public a list of eligible charitable organizations that have been approved under this section.

Sec. 28. (1) An individual taxpayer who makes one or more cash contributions to one or more eligible charitable organizations during a tax year shall be eligible for a credit against the income tax due under the Nebraska Revenue Act of 1967. Except as otherwise provided in the Nebraska Pregnancy Help Act, the amount of the credit shall be equal to the lesser of (a) the total amount of such contributions made during the tax year or (b) fifty percent of the income tax liability of such taxpayer for the tax year. A taxpayer may only claim a credit pursuant to this section for the portion of the contribution that was not claimed as a charitable contribution under the Internal Revenue Code of 1986, as amended.

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

(3) The tax credit allowed under this section shall be a nonrefundable credit. Any amount of the credit that is unused may be carried forward and

applied against the taxpayer's income tax liability for the next five years immediately following the tax year in which the credit is first allowed. The tax credit cannot be carried back.

(4) The tax credit allowed under this section is subject to section 32 of this act.

Sec. 29. (1) Any partnership, limited liability company, or corporation having an election in effect under subchapter S of the Internal Revenue Code of 1986, as amended, that is carrying on any trade or business for which deductions would be allowed under section 162 of the Internal Revenue Code of 1986, as amended, or is carrying on any rental activity, and that makes one or more cash contributions to one or more eligible charitable organizations during a tax year shall be eligible for a credit against the income tax due under the Nebraska Revenue Act of 1967. Except as otherwise provided in the Nebraska Pregnancy Help Act, the amount of the credit shall be equal to the lesser of (a) the total amount of such contributions made during the tax year or (b) fifty percent of the income tax liability of such taxpayer for the tax year. A taxpayer may only claim a credit pursuant to this section for the portion of the contribution that was not claimed as a charitable contribution under the Internal Revenue Code of 1986, as amended. The credit shall be attributed to each partner, member, or shareholder in the same proportion used to report the partnership's, limited liability company's, or subchapter S corporation's income or loss for income tax purposes.

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

(3) The tax credit allowed under this section is subject to section 32 of this act.

Sec. 30. (1) An estate or trust that makes one or more cash contributions to one or more eligible charitable organizations during a tax year shall be eligible for a credit against the income tax due under the Nebraska Revenue Act of 1967. Except as otherwise provided in the Nebraska Pregnancy Help Act, the amount of the credit shall be equal to the lesser of (a) the total amount of such contributions made during the tax year or (b) fifty percent of the income tax liability of such taxpayer for the tax year. A taxpayer may only claim a credit pursuant to this section for the portion of the contribution that was not claimed as a charitable contribution under the Internal Revenue Code of 1986, as amended. Any credit not used by the estate or trust may be attributed to each beneficiary of the estate or trust in the same proportion used to report the beneficiary's income from the estate or trust for income tax purposes.

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

(3) The tax credit allowed under this section is subject to section 32 of this act.

Sec. 31. (1) A corporate taxpayer as defined in section 77-2734.04 that makes one or more cash contributions to one or more eligible charitable organizations during a tax year shall be eligible for a credit against the income tax due under the Nebraska Revenue Act of 1967. Except as otherwise provided in the Nebraska Pregnancy Help Act, the amount of the credit shall be equal to the lesser of (a) the total amount of such contributions made during the tax year or (b) fifty percent of the income tax liability of such taxpayer for the tax year. A taxpayer may only claim a credit pursuant to this section for the portion of the contribution that was not claimed as a charitable contribution under the Internal Revenue Code of 1986, as amended.

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

(3) The tax credit allowed under this section is subject to section 32 of this act.

Sec. 32. (1) Prior to making a contribution to an eligible charitable organization, any taxpayer desiring to claim a tax credit under the Nebraska Pregnancy Help Act shall notify the eligible charitable organization of the taxpayer's intent to make a contribution and the amount to be claimed as a tax credit. Upon receiving each such notification, the eligible charitable organization shall notify the department of the intended tax credit amount. If the department determines that the intended tax credit amount in the notification would exceed the limit specified in subsection (3) of this section, the department shall notify the eligible charitable organization of its determination within thirty days after receipt of the notification. The eligible charitable organization shall then promptly notify the taxpayer of the department's determination that the intended tax credit amount in the notification is not available. If an amount less than the amount indicated in the notification is available for a tax credit, the department shall notify the eligible charitable organization of the available amount and the eligible charitable organization shall notify the taxpayer of the available amount within three business days.

(2) In order to be allowed a tax credit as provided by the act, the taxpayer shall make its contribution between thirty-one and sixty days after notifying the eligible charitable organization of the taxpayer's intent to make a contribution. If the eligible charitable organization does not receive the contribution within the required time period, it shall notify the department of such fact and the department shall no longer include such amount when calculating whether the limit prescribed in subsection (3) of this section has been exceeded. If the eligible charitable organization receives the contribution within the required time period, it shall provide the taxpayer with a receipt for the contribution. The receipt shall show the name and address of the eligible charitable organization, the name, address, and, if available, tax identification number of the taxpayer making the contribution, the amount of the contribution, and the date the contribution was received.

(3) The department shall consider notifications regarding intended tax credit amounts in the order in which they are received to ascertain whether the intended tax credit amounts are within the annual limit provided in this subsection. The annual limit on the total amount of tax credits for fiscal year 2025-26 shall be five hundred thousand dollars. The annual limit on the total amount of tax credits for fiscal year 2026-27 and each fiscal year thereafter shall be one million dollars. Once credits have reached the annual limit for any fiscal year, no additional credits shall be allowed for such fiscal year. Credits shall be prorated among the notifications received on the day the annual limit is exceeded. No more than fifty percent of the credits allowed for any fiscal year shall be for contributions to a single eligible charitable organization.

Sec. 33. The department may adopt and promulgate rules and regulations to carry out the Nebraska Pregnancy Help Act.

Sec. 34. Sections 34 to 42 of this act shall be known and may be cited as the Individuals with Intellectual and Developmental Disabilities Support Act.

Sec. 35. For purposes of the Individuals with Intellectual and Developmental Disabilities Support Act:

(1) Department means the Department of Revenue;

(2) Direct support professional means any individual who is employed in this state and provides direct care support or any other form of treatment, services, or care for individuals with intellectual and developmental disabilities; and

(3) Medicaid home and community-based services waiver means a medicaid waiver approved by the federal Centers for Medicare and Medicaid Services under the authority of section 1915(c) of the federal Social Security Act. The term includes a comprehensive developmental disabilities waiver and a developmental disabilities adult day waiver.

Sec. 36. (1) For taxable years beginning or deemed to begin on or after January 1, 2025, under the Internal Revenue Code of 1986, as amended, any employer that employs one or more direct support professionals during the taxable year shall be eligible to receive a credit against the income tax imposed by the Nebraska Revenue Act of 1967.

(2) The tax credit shall be in an amount equal to five hundred dollars multiplied by the number of direct support professionals who:

(a) Are employed by such employer for at least six months during the taxable year; and

(b) Work at least five hundred hours for such employer during the taxable year.

(3) The tax credit provided in this section shall be a nonrefundable tax credit.

(4) An employer shall apply for the credit provided in this section by submitting an application to the department on a form prescribed by the department. Subject to subsection (5) of this section, if the department determines that the employer qualifies for tax credits under this section, the department shall approve the application and certify the amount of credits approved to the employer.

(5) The department shall consider applications in the order in which they are received and may approve tax credits under this section in any year until the aggregate limit allowed under section 40 of this act has been reached.

(6) An employer shall claim any tax credits granted under this section by attaching the tax credit certification received from the department under subsection (4) of this section to the employer's tax return.

Sec. 37. (1) For taxable years beginning or deemed to begin on or after January 1, 2025, under the Internal Revenue Code of 1986, as amended, a direct support professional shall be eligible to receive a credit against the income tax imposed by the Nebraska Revenue Act of 1967 if he or she:

(a) Is employed as a direct support professional for at least six months during the taxable year; and

(b) Works at least five hundred hours as a direct support professional during the taxable year.

(2) The tax credit shall be in an amount equal to five hundred dollars.

(3) The tax credit provided in this section shall be a refundable tax credit.

(4) A direct support professional shall apply for the credit provided in this section by submitting an application to the department on a form prescribed by the department. Subject to subsection (5) of this section, if the department determines that the direct support professional qualifies for tax credits under this section, the department shall approve the application and certify the amount of credits approved to the direct support professional.

(5) The department shall consider applications in the order in which they are received and may approve tax credits under this section in any year until the aggregate limit allowed under section 40 of this act has been reached.

(6) A direct support professional shall claim any tax credits granted under this section by attaching the tax credit certification received from the department under subsection (4) of this section to the direct support professional's tax return.

Sec. 38. (1) For taxable years beginning or deemed to begin on or after January 1, 2025, under the Internal Revenue Code of 1986, as amended, any employer that employs an individual receiving services pursuant to a medicaid home and community-based services waiver shall be eligible to receive a credit against the income tax imposed by the Nebraska Revenue Act of 1967.

(2) The tax credit shall be in an amount equal to one thousand dollars multiplied by the number of employees who:

(a) Are receiving services pursuant to a medicaid home and community-based services waiver;

(b) Are employed by such employer for at least six months during the taxable year; and

(c) Work at least two hundred hours for such employer during the taxable year.

(3) The tax credit provided in this section shall be a nonrefundable tax credit.

(4) An employer shall apply for the credit provided in this section by submitting an application to the department on a form prescribed by the department. Subject to subsection (5) of this section, if the department determines that the employer qualifies for tax credits under this section, the department shall approve the application and certify the amount of credits approved to the employer.

(5) The department shall consider applications in the order in which they are received and may approve tax credits under this section in any year until the aggregate limit allowed under section 40 of this act has been reached.

(6) An employer shall claim any tax credits granted under this section by attaching the tax credit certification received from the department under subsection (4) of this section to the employer's tax return.

Sec. 39. (1) For taxable years beginning or deemed to begin on or after January 1, 2025, under the Internal Revenue Code of 1986, as amended, an employer shall be eligible to receive a credit against the income tax imposed by the Nebraska Revenue Act of 1967 if such employer provides any of the following types of services to an individual pursuant to a medicaid home and community-based services waiver:

(a) Prevocational;

(b) Supported employment - individual;

(c) Small group vocational support; or

(d) Supported employment - follow along.

(2) The tax credit shall be in an amount equal to one thousand dollars multiplied by the number of individuals described in subsection (1) of this section who received the applicable services from the employer during the taxable year.

(3) The tax credit provided in this section shall be a nonrefundable tax credit.

(4) An employer shall apply for the credit provided in this section by submitting an application to the department on a form prescribed by the department. Subject to subsection (5) of this section, if the department determines that the employer qualifies for tax credits under this section, the department shall approve the application and certify the amount of credits approved to the employer.

(5) The department shall consider applications in the order in which they are received and may approve tax credits under this section in any year until the aggregate limit allowed under section 40 of this act has been reached.

(6) An employer shall claim any tax credits granted under this section by attaching the tax credit certification received from the department under subsection (4) of this section to the employer's tax return.

Sec. 40. The department may approve tax credits under the Individuals with Intellectual and Developmental Disabilities Support Act each fiscal year until the total amount of credits approved for the fiscal year reaches one million dollars for fiscal year 2025-26, one million five hundred thousand dollars for fiscal year 2026-27, and two million dollars for any fiscal year thereafter.

Sec. 41. If any employer receiving a tax credit under the Individuals with Intellectual and Developmental Disabilities Support Act is (1) a partnership, (2) a limited liability company, (3) a corporation having an election in effect under subchapter S of the Internal Revenue Code of 1986, as amended, or (4) an estate or trust, the tax credit may be distributed in the same manner and proportion as the partner, member, shareholder, or beneficiary reports the partnership, limited liability company, subchapter S corporation, estate, or trust income.

Sec. 42. The department may adopt and promulgate rules and regulations to carry out the Individuals with Intellectual and Developmental Disabilities Support Act.

Sec. 43. Sections 43 to 49 of this act shall be known and may be cited as the Medical Debt Relief Act.

Sec. 44. For purposes of the Medical Debt Relief Act:

(1) Bad debt expense means the cost of care for which a health care

provider expected payment from the patient or a third-party payor, but which the health care provider subsequently determines to be uncollectible;

(2) Eligible resident means an individual eligible for relief who:

(a) Is a resident of the State of Nebraska; and

(b) Has a household income at or below four hundred percent of the federal poverty guidelines or has medical debt equal to five percent or more of the individual's household income;

(3) Health care provider means:

(a) A facility licensed under the Health Care Facility Licensure Act; and

(b) A health care professional licensed under the Uniform Credentialing Act;

(4) Medical debt means an obligation to pay money arising from the receipt of health care services;

(5) Medical debt relief means the discharge of a patient's medical debt;

(6) Medical debt relief coordinator means a person, company, partnership, or other entity that is able to discharge medical debt of an eligible resident in a manner that does not result in taxable income for the eligible resident; and

(7) Program means the Medical Debt Relief Program established in section 45 of this act.

Sec. 45. (1) The Medical Debt Relief Program is established for the purpose of discharging medical debt of eligible residents by contracting with a medical debt relief coordinator as described in subsection (3) of this section. The State Treasurer shall administer the program.

(2) Money appropriated to the State Treasurer or otherwise contributed for the program shall be used exclusively for the program, including contracting with a medical debt relief coordinator and providing money to be used by the medical debt relief coordinator to discharge medical debt of eligible residents. Money used in contracting with a medical debt relief coordinator may also be used for the payment of services provided by the medical debt relief coordinator to discharge medical debt of eligible residents based on a budget approved by the State Treasurer.

(3)(a) The State Treasurer shall enter into a contract with a medical debt relief coordinator to purchase and discharge medical debt owed by eligible residents with money allocated for the program.

(b) The State Treasurer shall implement a competitive bidding process to determine which medical debt relief coordinator to use, unless the State Treasurer determines that only a single medical debt relief coordinator has the capacity and willingness to carry out the duties specified in the Medical Debt Relief Act.

(c) In contracting with the State Treasurer, a medical debt relief coordinator shall adhere to the following:

(i) The medical debt relief coordinator shall review the medical debt accounts of each health care provider willing to donate or sell medical debt accounts in this state;

(ii) The medical debt relief coordinator may negotiate for and elect to buy the dischargeable medical debt from a health care provider that identifies the accounts described in subdivision (3)(c)(i) of this section as a bad debt expense and agrees to sell the debt for less than the original value;

(iii) After the purchase and discharge of medical debt from a health care provider, the medical debt relief coordinator shall notify all eligible residents whose medical debt has been discharged under the program, in a manner approved by the State Treasurer, that they no longer have specified medical debt owed to the relevant health care provider;

(iv) A medical debt relief coordinator shall make its best efforts to ensure parity and equity in the purchasing and discharging of medical debt to ensure that all eligible residents have an equal opportunity of receiving medical debt relief regardless of their geographical location or their race, color, religion, sex, disability, age, or national origin;

(v) A medical debt relief coordinator shall report to the State Treasurer summary statistics regarding eligible residents whose medical debt has been discharged; and

(vi) A medical debt relief coordinator may not attempt to seek payment from an eligible resident for medical debt purchased by the medical debt relief coordinator.

(d) A medical debt relief coordinator shall continue to fulfill its contractual obligations to the State Treasurer until all money contracted to the medical debt relief coordinator is exhausted, regardless of whether money allocated to the program has been exhausted.

(e) If a medical debt relief coordinator attempts to seek payment from an eligible resident for medical debt purchased by the medical debt relief coordinator or fails to carry out the responsibilities described in its contract with the State Treasurer, the medical debt relief coordinator shall be considered in breach of contract and the contract provisions that apply in the case of a breach of contract shall apply.

(f) Health care providers that are willing to sell medical debt to the medical debt relief coordinator shall provide necessary information to, and otherwise coordinate with, the medical debt relief coordinator as needed to carry out the purposes of the Medical Debt Relief Act.

Sec. 46. (1) On or before October 1, 2025, and on or before October 1 of each year thereafter for as long as medical debt relief coordinators are fulfilling their contractual obligations under the Medical Debt Relief Act, the State Treasurer shall submit an annual report regarding the program in

accordance with this section.

(2) Each report under this section shall contain the following information for the most recently completed fiscal year:

- (a) The amount of medical debt purchased and discharged under the program;
- (b) The number of eligible residents who received medical debt relief under the program;
- (c) The characteristics of such eligible residents as described in subdivision (3)(c)(iv) of section 45 of this act;
- (d) The number of such eligible residents whose income was calculated at one hundred percent, one hundred fifty percent, and two hundred percent of the federal poverty guidelines;
- (e) The number and characteristics of the health care providers from whom medical debt was purchased and discharged;
- (f) The number and characteristics of the medical debt relief coordinators contracted with for the purposes of purchasing and discharging medical debt; and
- (g) The number of private individuals and private entities that made a contribution to the Medical Debt Relief Fund and the total amount of such contributions.

(3) Each report under this section shall be submitted electronically to the Governor and the Clerk of the Legislature.

Sec. 47. (1) The amount of interest and principal balance of medical debt discharged under the program shall not be considered income for income tax purposes as provided in section 77-2716.

(2) Contributions to the Medical Debt Relief Fund made by any private individual or private entity shall be tax deductible for income tax purposes as provided in section 77-2716.

Sec. 48. The Medical Debt Relief Fund is created. The fund shall be administered by the State Treasurer and shall be used to carry out the Medical Debt Relief Act. The fund shall consist of money transferred to the fund by the Legislature and money donated as gifts, bequests, or other contributions from public or private entities. Any money in the fund available for investment shall be invested by the state investment officer pursuant to the Nebraska Capital Expansion Act and the Nebraska State Funds Investment Act.

Sec. 49. The State Treasurer may adopt and promulgate rules and regulations to carry out the Medical Debt Relief Act.

Sec. 50. Sections 50 to 55 of this act shall be known and may be cited as the Sustainable Aviation Fuel Tax Credit Act.

Sec. 51. For purposes of the Sustainable Aviation Fuel Tax Credit Act:

- (1) Applicable material means:
 - (a) Monoglycerides, diglycerides, and triglycerides;
 - (b) Free fatty acids; and
 - (c) Fatty acid esters;
- (2) Applicable supplementary amount means an amount equal to one cent for each percentage point by which the lifecycle greenhouse gas emissions reduction percentage of the sustainable aviation fuel exceeds fifty percent. In no event shall the applicable supplementary amount determined under this subdivision exceed fifty cents;
- (3) Biomass has the same meaning as in 26 U.S.C. 45K(c)(3), as such section existed on January 1, 2024;
- (4) Department means the Department of Revenue;
- (5) Lifecycle greenhouse gas emissions reduction percentage means the percentage reduction in lifecycle greenhouse gas emissions achieved by sustainable aviation fuel as compared with petroleum-based jet fuel, as defined in accordance with:
 - (a) The most recent Carbon Offsetting and Reduction Scheme for International Aviation which has been adopted by the International Civil Aviation Organization with the agreement of the United States; or
 - (b) Any similar methodology which satisfies the criteria under 42 U.S.C. 7545(o)(1)(H), as such section existed on January 1, 2024;
- (6) Qualified mixture means a mixture of sustainable aviation fuel and kerosene if:
 - (a) Such mixture is produced by the taxpayer in the United States;
 - (b) Such mixture is used by the taxpayer or sold by the taxpayer for use in an aircraft;
 - (c) Such sale or use is in the ordinary course of a trade or business of the taxpayer; and
 - (d) The transfer of such mixture to the fuel tank of such aircraft occurs in the United States; and
- (7) Sustainable aviation fuel means liquid fuel, the portion of which is not kerosene, which:
 - (a) Meets the requirements of:
 - (i) The American Society for Testing and Materials International Standard D7566; or
 - (ii) The Fischer-Tropsch provisions of the American Society for Testing and Materials International Standard D1655, Annex A1;
 - (b) Is not derived from coprocessing an applicable material or materials derived from an applicable material with a feedstock which is not biomass;
 - (c) Is not derived from palm or palm derivatives; and
 - (d) Has been certified as having a lifecycle greenhouse gas emissions reduction percentage of at least fifty percent, as determined by a test that shows that:
 - (i) The fuel production pathway achieves at least a fifty percent

reduction of the aggregate attributional core lifecycle emissions and the positive induced land use change values under the lifecycle methodology for sustainable aviation fuels adopted by the International Civil Aviation Organization with the agreement of the United States; or

(ii) The fuel production pathway achieves at least a fifty percent reduction of the aggregate attributional core lifecycle greenhouse gas emissions values utilizing the most recent version of Argonne National Laboratory's GREET model, inclusive of agricultural practices and carbon capture and sequestration.

Sec. 52. (1) For taxable years beginning or deemed to begin on or after January 1, 2027, under the Internal Revenue Code of 1986, as amended, there shall be allowed a credit against the income tax imposed by the Nebraska Revenue Act of 1967 or any tax imposed pursuant to sections 77-907 to 77-918 or 77-3801 to 77-3807 to any producer of sustainable aviation fuel for any sale or use of a qualified mixture.

(2) The credit shall be a nonrefundable credit and the amount of the credit shall be equal to the number of gallons of sustainable aviation fuel in all sold or used qualified mixtures multiplied by the sum of seventy-five cents plus the applicable supplementary amount.

(3) In order to qualify for the credit under this section, a producer of sustainable aviation fuel shall:

(a) Register with the department as a producer of sustainable aviation fuel; and

(b) Provide:

(i) Certification in such form and manner as prescribed by the department from an unrelated party demonstrating compliance with:

(A) Any general requirements, supply chain traceability requirements, and information transmission requirements established under the Carbon Offsetting and Reduction Scheme for International Aviation described in subdivision (5)(a) of section 51 of this act; or

(B) In the case of any methodology described in subdivision (5)(b) of section 51 of this act, requirements similar to the requirements described in subdivision (3)(b)(i)(A) of this section; and

(ii) Any other information the department may require.

(4) A producer of sustainable aviation fuel shall only claim the credit under this section in a total of five taxable years.

(5) A producer of sustainable aviation fuel shall apply for the credit provided in this section by submitting an application to the department on a form prescribed by the department. Subject to subsection (6) of this section, if the department determines that the producer of sustainable aviation fuel qualifies for tax credits under this section, the department shall approve the application and certify the amount of credits approved to the producer of sustainable aviation fuel.

(6) The department shall consider applications in the order in which they are received and may approve tax credits under this section in any fiscal year until the aggregate limit allowed under subsection (7) of this section has been reached.

(7) The department may approve tax credits under this section each fiscal year until the total amount of credits approved for the fiscal year reaches five hundred thousand dollars.

(8) A producer of sustainable aviation fuel shall claim any tax credits granted under this section by attaching the tax credit certification received from the department under subsection (5) of this section to the producer's tax return.

Sec. 53. Any tax credit allowable to a partnership, a limited liability company, a subchapter S corporation, or an estate or trust may be distributed to the partners, limited liability company members, shareholders, or beneficiaries in the same manner as income is distributed.

Sec. 54. The department may adopt and promulgate rules and regulations to carry out the Sustainable Aviation Fuel Tax Credit Act.

Sec. 55. The Sustainable Aviation Fuel Tax Credit Act terminates on January 1, 2035.

Sec. 56. Sections 56 to 59 of this act shall be known and may be cited as the Caregiver Tax Credit Act.

Sec. 57. For purposes of the Caregiver Tax Credit Act:

(1) Activities of daily living includes:

(a) Ambulating, which is the extent of the ability of an individual to move from one position to another and walk independently;

(b) Feeding, which is the ability of an individual to feed oneself;

(c) Dressing, which is the ability of an individual to select appropriate clothes and to put the clothes on without aid;

(d) Personal hygiene, which is the ability of an individual to bathe and groom oneself and maintain dental hygiene and nail and hair care;

(e) Continence, which is the ability to control bladder and bowel function; and

(f) Toileting, which is the ability of an individual to get to and from the toilet without aid, using it appropriately, and cleaning oneself;

(2)(a) Eligible expenditure includes:

(i) The improvement or alteration to the primary residence of the family caregiver or eligible family member to permit the eligible family member to live in the residence and to remain mobile, safe, and independent;

(ii) The purchase or lease of equipment by the family caregiver, including, but not limited to, durable medical equipment, that is necessary to

assist an eligible family member in carrying out one or more activities of daily living; and

(iii) Other paid or incurred expenses by the family caregiver that assist the family caregiver in providing care to an eligible family member such as expenditures related to:

- (A) Hiring a home care aide;
- (B) Respite care;
- (C) Adult day care;
- (D) Personal care attendants;
- (E) Health care equipment; and
- (F) Technology.

(b) The eligible expenditure shall be directly related to assisting the family caregiver in providing care to an eligible family member. Eligible expenditure shall not include the carrying out of general household maintenance activities such as painting, plumbing, electrical repairs, or exterior maintenance;

(3) Eligible family member means an individual who:

(a) Requires assistance with at least two activities of daily living as certified by a licensed health care provider;

(b) Qualifies as a dependent, spouse, parent, or other relation by blood or marriage to the family caregiver; and

(c) Lives in a private residence and not in an assisted-living center, nursing facility, or residential care home; and

(4) Family caregiver means an individual:

(a) Providing care and support for an eligible family member;

(b) Who has a federal adjusted gross income of less than fifty thousand dollars or, if filing as a married couple jointly, less than one hundred thousand dollars; and

(c) Who has personally incurred uncompensated expenses directly related to the care of an eligible family member.

Sec. 58. (1) For all taxable years beginning on or after January 1, 2025, there shall be allowed a credit against the income tax imposed by the Nebraska Revenue Act of 1967 to any family caregiver who incurs eligible expenditures for the care and support of an eligible family member.

(2) The amount of the credit shall be equal to fifty percent of the eligible expenditures incurred during the taxable year by a family caregiver for the care and support of an eligible family member.

(3) The tax credit allowed under this section shall be a nonrefundable credit. Any amount of the credit that is unused may not be carried forward.

(4) The maximum allowable credit in any single taxable year for a family caregiver shall be two thousand dollars unless the eligible family member is a veteran or has a diagnosis of dementia in which case the maximum allowable credit shall be three thousand dollars. If two or more family caregivers claim the tax credit allowed by this section for the same eligible family member, the maximum allowable credit shall be allocated in equal amounts between each of the family caregivers.

(5) A family caregiver shall apply for the tax credit allowed under this section by submitting an application to the Department of Revenue, on a form prescribed by the department, with the following information:

(a) Documentation of the eligible expenditures incurred for the care and support of an eligible family member; and

(b) Any other documentation required by the department.

(6) If the Department of Revenue determines that the family caregiver qualifies for the tax credit under this section, the department shall approve the application and certify the amount of the approved credit to the family caregiver.

(7) The Department of Revenue shall consider applications in the order in which they are received and may approve tax credits under this section each fiscal year until the total amount of credits approved for the fiscal year equals one million five hundred thousand dollars for fiscal years 2025-26 and 2026-27 and two million five hundred thousand dollars for any fiscal year thereafter.

Sec. 59. The Department of Revenue may adopt and promulgate rules and regulations necessary to carry out the Caregiver Tax Credit Act.

Sec. 60. Sections 60 to 63 of this act shall be known and may be cited as the Reverse Osmosis System Tax Credit Act.

Sec. 61. For purposes of the Reverse Osmosis System Tax Credit Act:

(1) Department means the Department of Revenue;

(2) Hazard Index means a calculation used to evaluate potential health risks from exposure to one or more of the four listed chemicals using their individual health safety limits as established by the United States Environmental Protection Agency. The Hazard Index is the sum of the ratios of actual chemical concentrations to the respective health safety limit;

(3) Reverse osmosis system means a water filtration system that uses a semi-permeable membrane to remove impurities from water; and

(4) Taxpayer means any individual subject to the income tax imposed by the Nebraska Revenue Act of 1967.

Sec. 62. (1) For taxable years beginning or deemed to begin on or after January 1, 2024, under the Internal Revenue Code of 1986, as amended, a taxpayer shall be eligible to receive a one-time credit against the income tax imposed by the Nebraska Revenue Act of 1967 for the cost of installation of a reverse osmosis system at the primary residence of the taxpayer if test results for the following in the drinking water for such residence are above:

- (a) Ten parts per million for nitrate nitrogen;
 - (b) Four parts per trillion for perfluorooctanoic acid or perfluorooctanesulfonic acid;
 - (c) Thirty micrograms per liter or thirty parts per billion for uranium;
- or
- (d) One on the Hazard Index for perfluorononanoic acid, perfluorohexanesulfonic acid, hexafluoropropylene oxide dimer acid and its ammonium salt, or perfluorobutanesulfonic acid.

(2) Only one taxpayer per residence may be a recipient of the credit.

(3) The credit provided in this section shall be a refundable tax credit equal to fifty percent of the cost incurred by the taxpayer during the taxable year for installation of the reverse osmosis system, up to a maximum of one thousand dollars.

(4) A taxpayer shall apply for the credit provided in this section by submitting an application to the department with the following information:

(a) Documentation of the test results of the drinking water for the taxpayer's primary residence;

(b) Documentation of the cost of the reverse osmosis system installed at such residence; and

(c) Any other documentation required by the department.

(5) If the department determines that the taxpayer qualifies for the tax credit under this section, the department shall approve the application and certify the amount of the approved credit to the taxpayer.

(6) The department shall consider applications in the order in which they are received and may approve tax credits under this section each fiscal year until the aggregate limit allowed under subsection (7) of this section has been reached.

(7) The department may approve tax credits for each fiscal year until the total amount of credits approved reaches five hundred thousand dollars for fiscal years 2024-25, 2025-26, and 2026-27 and one million dollars for any fiscal year thereafter.

(8) A taxpayer shall claim any tax credits granted under this section by attaching the tax credit certification received from the department under subsection (5) of this section to the taxpayer's tax return.

Sec. 63. The department may adopt and promulgate rules and regulations to carry out the Reverse Osmosis System Tax Credit Act.

Sec. 64. Section 66-482, Revised Statutes Cumulative Supplement, 2022, is amended to read:

66-482 For purposes of sections 66-482 to 66-4,149:

(1) Agricultural ethyl alcohol means ethyl alcohol produced from cereal grains or agricultural commodities grown within the continental United States and which is a finished product that is a nominally anhydrous ethyl alcohol meeting American Society for Testing and Materials D4806 standards. For the purpose of sections 66-482 to 66-4,149, the purity of the ethyl alcohol shall be determined excluding denaturant and the volume of alcohol blended with gasoline for motor vehicle fuel shall include the volume of any denaturant required pursuant to law;

(2) Alcohol blend means a blend of agricultural ethyl alcohol in gasoline or other motor vehicle fuel, such blend to contain not less than five percent by volume of alcohol;

(3) Biodiesel means mono-alkyl esters of long-chain fatty acids derived from vegetable oils or animal fats which conform to American Society for Testing and Materials D6751 specifications for use in diesel engines. Biodiesel refers to the pure fuel before blending with diesel fuel;

(4) Biodiesel facility means a plant which produces biodiesel;

(5) Biomass feedstock means sugar, starch, polysaccharide, glycerin, lignin, fat, grease, or oil derived from plants, animals, or algae or a protein capable of being converted to a building block chemical by means of a biological or chemical conversion process;

(6) Compressed fuel means any fuel defined as compressed fuel in section 66-6,100;

(7) Department means the Department of Revenue;

(8) Diesel fuel means all combustible liquids and biodiesel which are suitable for the generation of power for diesel-powered vehicles, except that diesel fuel does not include kerosene;

(9) Distributor means any person who acquires ownership of motor fuels directly from a producer or supplier at or from a barge, barge line, pipeline terminal, or ethanol or biodiesel facility in this state;

(10) Ethanol facility means a plant which produces agricultural ethyl alcohol;

(11) Exporter means any person who acquires ownership of motor fuels from any licensed producer, supplier, distributor, wholesaler, or importer exclusively for use or resale in another state;

(12) Gross gallons means measured gallons without adjustment or correction for temperature or barometric pressure;

(13) Highway means every way or place generally open to the use of the public for the purpose of vehicular travel, even though such way or place may be temporarily closed or travel thereon restricted for the purpose of construction, maintenance, repair, or reconstruction;

(14) Importer means any person who owns motor fuels at the time such fuels enter the State of Nebraska by any means other than barge, barge line, or pipeline. Importer does not include a person who imports motor fuels in a tank directly connected to the engine of a motor vehicle, train, watercraft, or

airplane for purposes of providing fuel to the engine to which the tank is connected;

(15) Kerosene means kerosene meeting the specifications as found in the American Society for Testing and Materials publication D3699 entitled Standard Specifications for Kerosene;

(16) Motor fuels means motor vehicle fuel, diesel fuel, aircraft fuel, or compressed fuel;

(17) ~~(1)~~ Motor vehicle ~~has~~ shall have the same meaning definition as in section 60-339;

(18) ~~(2)~~ Motor vehicle fuel ~~includes~~ shall include all products and fuel commonly or commercially known as gasoline, including casing head or natural gasoline, and ~~includes~~ shall include any other liquid and such other volatile and inflammable liquids as may be produced, compounded, or used for the purpose of operating or propelling motor vehicles, motorboats, or aircraft or as an ingredient in the manufacture of such fuel. Motor vehicle fuel includes ~~agricultural~~ Agricultural ethyl alcohol produced for use as a motor vehicle fuel ~~shall be considered a motor vehicle fuel~~. Motor vehicle fuel does shall not include the products commonly known as methanol, kerosene oil, kerosene distillate, crude petroleum, naphtha, and benzine with a boiling point over two hundred degrees Fahrenheit, residuum gas oil, smudge oil, leaded automotive racing fuel with an American Society of Testing Materials research method octane number in excess of one hundred five, and any petroleum product with an initial boiling point under two hundred degrees Fahrenheit, a ninety-five percent distillation (recovery) temperature in excess of four hundred sixty-four degrees Fahrenheit, an American Society of Testing Materials research method octane number less than seventy, and an end or dry point of distillation of five hundred seventy degrees Fahrenheit maximum;

(19) Person means any individual, firm, partnership, limited liability company, company, agency, association, corporation, state, county, municipality, or other political subdivision. Whenever a fine or imprisonment is prescribed or imposed in sections 66-482 to 66-4,149, the word person as applied to a partnership, a limited liability company, or an association means the partners or members thereof;

(20) Producer means any person who manufactures agricultural ethyl alcohol or biodiesel at an ethanol or biodiesel facility in this state;

(21) Retailer means any person who acquires motor fuels from a producer, supplier, distributor, wholesaler, or importer for resale to consumers of such fuel;

(22) Semiannual period means either the period which begins on January 1 and ends on June 30 of each year or the period which begins on July 1 and ends on December 31 of each year;

(3) ~~Agricultural ethyl alcohol shall mean ethyl alcohol produced from cereal grains or agricultural commodities grown within the continental United States and which is a finished product that is a nominally anhydrous ethyl alcohol meeting American Society for Testing and Materials D4806 standards. For the purpose of sections 66-482 to 66-4,149, the purity of the ethyl alcohol shall be determined excluding denaturant and the volume of alcohol blended with gasoline for motor vehicle fuel shall include the volume of any denaturant required pursuant to law;~~

(4) ~~Alcohol blend shall mean a blend of agricultural ethyl alcohol in gasoline or other motor vehicle fuel, such blend to contain not less than five percent by volume of alcohol;~~

(23) ~~(5) Supplier means shall mean any person who owns motor fuels imported by barge, barge line, or pipeline and stored at a barge, barge line, or pipeline terminal in this state; and~~

(6) ~~Distributor shall mean any person who acquires ownership of motor fuels directly from a producer or supplier at or from a barge, barge line, pipeline terminal, or ethanol or biodiesel facility in this state;~~

(24) ~~(7) Wholesaler means shall mean any person, other than a producer, supplier, distributor, or importer, who acquires motor fuels for resale. ;~~

(8) ~~Retailer shall mean any person who acquires motor fuels from a producer, supplier, distributor, wholesaler, or importer for resale to consumers of such fuel;~~

(9) ~~Importer shall mean any person who owns motor fuels at the time such fuels enter the State of Nebraska by any means other than barge, barge line, or pipeline. Importer shall not include a person who imports motor fuels in a tank directly connected to the engine of a motor vehicle, train, watercraft, or airplane for purposes of providing fuel to the engine to which the tank is connected;~~

(10) ~~Exporter shall mean any person who acquires ownership of motor fuels from any licensed producer, supplier, distributor, wholesaler, or importer exclusively for use or resale in another state;~~

(11) ~~Gross gallons shall mean measured gallons without adjustment or correction for temperature or barometric pressure;~~

(12) ~~Diesel fuel shall mean all combustibile liquids and biodiesel which are suitable for the generation of power for diesel-powered vehicles, except that diesel fuel shall not include kerosene;~~

(13) ~~Compressed fuel shall mean any fuel defined as compressed fuel in section 66-6,100;~~

(14) ~~Person shall mean any individual, firm, partnership, limited liability company, company, agency, association, corporation, state, county, municipality, or other political subdivision. Whenever a fine or imprisonment is prescribed or imposed in sections 66-482 to 66-4,149, the word person as~~

~~applied to a partnership, a limited liability company, or an association shall mean the partners or members thereof;~~

~~(15) Department shall mean the Department of Revenue;~~

~~(16) Semiannual period shall mean either the period which begins on January 1 and ends on June 30 of each year or the period which begins on July 1 and ends on December 31 of each year;~~

~~(17) Producer shall mean any person who manufactures agricultural ethyl alcohol or biodiesel at an ethanol or biodiesel facility in this state;~~

~~(18) Highway shall mean every way or place generally open to the use of the public for the purpose of vehicular travel, even though such way or place may be temporarily closed or travel thereon restricted for the purpose of construction, maintenance, repair, or reconstruction;~~

~~(19) Kerosene shall mean kerosene meeting the specifications as found in the American Society for Testing and Materials publication D3699 entitled Standard Specifications for Kerosene;~~

~~(20) Biodiesel shall mean mono-alkyl esters of long chain fatty acids derived from vegetable oils or animal fats which conform to American Society for Testing and Materials D6751 specifications for use in diesel engines. Biodiesel refers to the pure fuel before blending with diesel fuel;~~

~~(21) Motor fuels shall mean motor vehicle fuel, diesel fuel, aircraft fuel, or compressed fuel;~~

~~(22) Ethanol facility shall mean a plant which produces agricultural ethyl alcohol; and~~

~~(23) Biodiesel facility shall mean a plant which produces biodiesel.~~

Sec. 65. Section 66-489, Reissue Revised Statutes of Nebraska, is amended to read:

66-489 (1)(a) At the time of filing the return required by section 66-488, such producer, supplier, distributor, wholesaler, or importer shall, in addition to the tax imposed pursuant to sections 66-489.02, 66-4,140, 66-4,145, and 66-4,146 and in addition to the other taxes provided for by law, pay a tax in an amount set in subdivision (b) of this subsection upon all motor fuels as shown by such return, except that there shall be no tax on the motor fuels reported if (i) the required taxes on the motor fuels have been paid, (ii) the motor fuels have been sold to a licensed exporter exclusively for resale or use in another state, (iii) the motor fuels have been sold from a Nebraska barge line terminal, pipeline terminal, refinery, or ethanol or biodiesel facility, including motor fuels stored offsite in bulk, by a licensed producer or supplier to a licensed distributor, (iv) the motor fuels have been sold by a licensed distributor or licensed importer to a licensed distributor or to a licensed wholesaler and the seller acquired ownership of the motor fuels directly from a licensed producer or supplier at or from a refinery, barge, barge line, pipeline terminal, or ethanol or biodiesel facility, including motor fuels stored offsite in bulk, in this state or was the first importer of such fuel into this state, or (v) as otherwise provided in this section. Such producer, supplier, distributor, wholesaler, or importer shall remit such tax to the department.

(b) The tax shall be:

(i) Seven and one-half cents per gallon through December 31, 2015;

(ii) Eight cents per gallon beginning on January 1, 2016, through December 31, 2016;

(iii) Eight and one-half cents per gallon beginning on January 1, 2017, through December 31, 2017;

(iv) Nine cents per gallon beginning on January 1, 2018, through December 31, 2018; and

(v) Nine and one-half cents per gallon beginning on January 1, 2019.

(2)(a) ~~(2) As part of filing the return required by section 66-488, each producer of ethanol shall, in addition to other taxes imposed by the motor fuel laws, pay an excise tax of one and one-quarter cents per gallon through December 31, 2004, and commencing January 1, 2010, and two and one-half cents per gallon commencing January 1, 2005, through December 31, 2009, on:~~

~~(i) Gasoline, natural gasoline, or any other gasoline component, including, but not limited to, any gasoline component produced from biomass feedstock, purchased for use as a denaturant by the producer at an ethanol facility; and -~~

~~(ii) Two percent of agricultural ethyl alcohol sold that is unfit for beverage purposes and does not meet the American Society for Testing and Materials D4806 standards.~~

~~(b) All taxes, interest, and penalties collected under this subsection shall be remitted to the State Treasurer for credit to the Agricultural Alcohol Fuel Tax Fund, except that commencing January 1, 2005, through December 31, 2009, one and one-quarter cents per gallon of such excise tax shall be credited to the Ethanol Production Incentive Cash Fund. For fiscal years 2007-08 through 2011-12, if the total receipts from the excise tax authorized in this subsection and designated for deposit in the Agricultural Alcohol Fuel Tax Fund exceed five hundred fifty thousand dollars, the State Treasurer shall deposit amounts in excess of five hundred fifty thousand dollars in the Ethanol Production Incentive Cash Fund.~~

(3)(a) Motor fuels, methanol, and all blending agents or fuel expanders shall be exempt from the taxes imposed by this section and sections 66-489.02, 66-4,105, 66-4,140, 66-4,145, and 66-4,146, when the fuels are used for buses equipped to carry more than seven persons for hire and engaged entirely in the transportation of passengers for hire within municipalities or within a radius of six miles thereof.

(b) The owner or agent of any bus equipped to carry more than seven persons for hire and engaged entirely in the transportation of passengers for hire within municipalities, or within a radius of six miles thereof, in lieu of the excise tax provided for in this section, shall pay an equalization fee of a sum equal to twice the amount of the registration fee applicable to such vehicle under the laws of this state. Such equalization fee shall be paid in the same manner as the registration fee and be disbursed and allocated as registration fees.

(c) Nothing in this section shall be construed as permitting motor fuels to be sold tax exempt. The department shall refund tax paid on motor fuels used in buses deemed exempt by this section.

(4) Gasoline, natural Natural gasoline, or any other gasoline component, including, but not limited to, any gasoline component produced from biomass feedstock, purchased for use as a denaturant by a producer at an ethanol facility as defined in section 66-1333 shall be exempt from the motor fuels tax imposed by subsection (1) of this section as well as the tax imposed pursuant to sections 66-489.02, 66-4,140, 66-4,145, and 66-4,146.

(5) Unless otherwise provided by an agreement entered into between the State of Nebraska and the governing body of any federally recognized Indian tribe within the State of Nebraska, motor fuels purchased on a Nebraska Indian reservation where the purchaser is a Native American who resides on the reservation shall be exempt from the motor fuels tax imposed by this section as well as the tax imposed pursuant to sections 66-489.02, 66-4,140, 66-4,145, and 66-4,146.

(6) Motor fuels purchased for use by the United States Government or its agencies shall be exempt from the motor fuels tax imposed by this section as well as the tax imposed pursuant to sections 66-489.02, 66-4,140, 66-4,145, and 66-4,146.

(7) In the case of diesel fuel, there shall be no tax on the motor fuels reported if (a) the diesel fuel has been indelibly dyed and chemically marked in accordance with regulations issued by the Secretary of the Treasury of the United States under 26 U.S.C. 4082 or (b) the diesel fuel contains a concentration of sulphur in excess of five-hundredths percent by weight or fails to meet a cetane index minimum of forty and has been indelibly dyed in accordance with regulations promulgated by the Administrator of the United States Environmental Protection Agency pursuant to 42 U.S.C. 7545.

Sec. 66. Section 77-908, Revised Statutes Cumulative Supplement, 2022, is amended to read:

77-908 Every insurance company organized under the stock, mutual, assessment, or reciprocal plan, except fraternal benefit societies, which is transacting business in this state shall, on or before March 1 of each year, pay a tax to the director of one percent of the gross amount of direct writing premiums received by it during the preceding calendar year for business done in this state, except that (1) for group sickness and accident insurance the rate of such tax shall be five-tenths of one percent and (2) for property and casualty insurance, excluding individual sickness and accident insurance, the rate of such tax shall be one percent. A captive insurer authorized under the Captive Insurers Act that is transacting business in this state shall, on or before March 1 of each year, pay to the director a tax of one-fourth of one percent of the gross amount of direct writing premiums received by such insurer during the preceding calendar year for business transacted in the state. The taxable premiums shall include premiums paid on the lives of persons residing in this state and premiums paid for risks located in this state whether the insurance was written in this state or not, including that portion of a group premium paid which represents the premium for insurance on Nebraska residents or risks located in Nebraska included within the group when the number of lives in the group exceeds five hundred. The tax shall also apply to premiums received by domestic companies for insurance written on individuals residing outside this state or risks located outside this state if no comparable tax is paid by the direct writing domestic company to any other appropriate taxing authority. Companies whose scheme of operation contemplates the return of a portion of premiums to policyholders, without such policyholders being claimants under the terms of their policies, may deduct such return premiums or dividends from their gross premiums for the purpose of tax calculations. Any such insurance company shall receive a credit on the tax imposed as provided in the Community Development Assistance Act, the Nebraska Job Creation and Mainstreet Revitalization Act, the New Markets Job Growth Investment Act, the Nebraska Higher Blend Tax Credit Act, the Sustainable Aviation Fuel Tax Credit Act, the Nebraska Shortline Rail Modernization Act, and the Affordable Housing Tax Credit Act.

Sec. 67. Section 77-2701, Revised Statutes Supplement, 2023, is amended to read:

77-2701 Sections 77-2701 to 77-27,135.01, 77-27,222, 77-27,235, 77-27,236, and 77-27,238 to 77-27,241 and section 71 of this act shall be known and may be cited as the Nebraska Revenue Act of 1967.

Sec. 68. Section 77-2701.04, Revised Statutes Supplement, 2023, is amended to read:

77-2701.04 For purposes of sections 77-2701.04 to 77-2713 and 77-27,239 and section 71 of this act, unless the context otherwise requires, the definitions found in sections 77-2701.05 to 77-2701.56 shall be used.

Sec. 69. Section 77-2701.41, Revised Statutes Supplement, 2023, is amended to read:

77-2701.41 Taxpayer means any person subject to a tax imposed by sections

77-2701 to 77-2713 and section 71 of this act.

Sec. 70. Section 77-2704.12, Revised Statutes Supplement, 2023, is amended to read:

77-2704.12 (1) Sales and use taxes shall not be imposed on the gross receipts from the sale, lease, or rental of and the storage, use, or other consumption in this state of purchases by (a) any nonprofit organization created exclusively for religious purposes, (b) any nonprofit organization providing services exclusively to the blind, (c) any nonprofit private educational institution established under sections 79-1601 to 79-1607, (d) any accredited, nonprofit, privately controlled college or university with its primary campus physically located in Nebraska, (e) any nonprofit (i) hospital, (ii) health clinic when one or more hospitals or the parent corporations of the hospitals own or control the health clinic for the purpose of reducing the cost of health services or when the health clinic receives federal funds through the United States Public Health Service for the purpose of serving populations that are medically underserved, (iii) skilled nursing facility, (iv) intermediate care facility, (v) assisted-living facility, (vi) intermediate care facility for persons with developmental disabilities, (vii) nursing facility, (viii) home health agency, (ix) hospice or hospice service, (x) respite care service, (xi) mental health substance use treatment center licensed under the Health Care Facility Licensure Act, or (xii) center for independent living as defined in 29 U.S.C. 796a, (f) any nonprofit licensed residential child-caring agency, (g) any nonprofit licensed child-placing agency, (h) any nonprofit organization certified by the Department of Health and Human Services to provide community-based services for persons with developmental disabilities, ~~or~~ (i) any nonprofit organization certified or contracted by a regional behavioral health authority or the Division of Behavioral Health of the Department of Health and Human Services to provide community-based mental health or substance use services, or (j) any nonprofit organization for purchases of property that will be transferred to an organization listed in subdivisions (a) through (i) of this subsection until the property is transferred or the contract is completed, provided that the nonprofit organization (i) acquires property that will be transferred to an organization listed in subdivisions (a) through (i) of this subsection or (ii) enters into a contract of construction, improvement, or repair upon property annexed to real estate if the property will be transferred to an organization listed in subdivisions (a) through (i) of this subsection.

(2) Any organization listed in subsection (1) of this section shall apply for an exemption on forms provided by the Tax Commissioner. The application shall be approved and a numbered certificate of exemption received by the applicant organization in order to be exempt from the sales and use tax.

(3) The appointment of purchasing agents shall be recognized for the purpose of altering the status of the construction contractor as the ultimate consumer of building materials which are physically annexed to the structure and which subsequently belong to the owner of the organization or institution. The appointment of purchasing agents shall be in writing and occur prior to having any building materials annexed to real estate in the construction, improvement, or repair. The contractor who has been appointed as a purchasing agent may apply for a refund of or use as a credit against a future use tax liability the tax paid on inventory items annexed to real estate in the construction, improvement, or repair of a project for a licensed not-for-profit institution.

(4) Any organization listed in subsection (1) of this section which enters into a contract of construction, improvement, or repair upon property annexed to real estate without first issuing a purchasing agent authorization to a contractor or repairperson prior to the building materials being annexed to real estate in the project may apply to the Tax Commissioner for a refund of any sales and use tax paid by the contractor or repairperson on the building materials physically annexed to real estate in the construction, improvement, or repair.

(5) Any person purchasing, storing, using, or otherwise consuming building materials in the performance of any construction, improvement, or repair by or for any institution enumerated in subsection (1) of this section which is licensed upon completion although not licensed at the time of construction or improvement, which building materials are annexed to real estate and which subsequently belong to the owner of the institution, shall pay any applicable sales or use tax thereon. Upon becoming licensed and receiving a numbered certificate of exemption, the institution organized not for profit shall be entitled to a refund of the amount of taxes so paid in the performance of such construction, improvement, or repair and shall submit whatever evidence is required by the Tax Commissioner sufficient to establish the total sales and use tax paid upon the building materials physically annexed to real estate in the construction, improvement, or repair.

Sec. 71. (1) Beginning July 1, 2027, sales and use taxes shall not be imposed on the gross receipts from the sale, storage, use, or other consumption in this state of diapers.

(2) For purposes of this section, diapers means absorbent garments worn by humans who are incapable of or have difficulty controlling their bladder or bowel movements.

Sec. 72. Section 77-2711, Revised Statutes Supplement, 2023, is amended to read:

77-2711 (1)(a) The Tax Commissioner shall enforce sections 77-2701.04 to 77-2713 and section 71 of this act and may prescribe, adopt, and enforce rules and regulations relating to the administration and enforcement of such

sections.

(b) The Tax Commissioner may prescribe the extent to which any ruling or regulation shall be applied without retroactive effect.

(2) The Tax Commissioner may employ accountants, auditors, investigators, assistants, and clerks necessary for the efficient administration of the Nebraska Revenue Act of 1967 and may delegate authority to his or her representatives to conduct hearings, prescribe regulations, or perform any other duties imposed by such act.

(3)(a) Every seller, every retailer, and every person storing, using, or otherwise consuming in this state property purchased from a retailer shall keep such records, receipts, invoices, and other pertinent papers in such form as the Tax Commissioner may reasonably require.

(b) Every such seller, retailer, or person shall keep such records for not less than three years from the making of such records unless the Tax Commissioner in writing sooner authorized their destruction.

(4) The Tax Commissioner or any person authorized in writing by him or her may examine the books, papers, records, and equipment of any person selling property and any person liable for the use tax and may investigate the character of the business of the person in order to verify the accuracy of any return made or, if no return is made by the person, to ascertain and determine the amount required to be paid. In the examination of any person selling property or of any person liable for the use tax, an inquiry shall be made as to the accuracy of the reporting of city and county sales and use taxes for which the person is liable under the Local Option Revenue Act or sections 13-319, 13-324, 13-2813, and 77-6403 and the accuracy of the allocation made between the various counties, cities, villages, and municipal counties of the tax due. The Tax Commissioner may make or cause to be made copies of resale or exemption certificates and may pay a reasonable amount to the person having custody of the records for providing such copies.

(5) The taxpayer shall have the right to keep or store his or her records at a point outside this state and shall make his or her records available to the Tax Commissioner at all times.

(6) In administration of the use tax, the Tax Commissioner may require the filing of reports by any person or class of persons having in his, her, or their possession or custody information relating to sales of property, the storage, use, or other consumption of which is subject to the tax. The report shall be filed when the Tax Commissioner requires and shall set forth the names and addresses of purchasers of the property, the sales price of the property, the date of sale, and such other information as the Tax Commissioner may require.

(7) It shall be a Class I misdemeanor for the Tax Commissioner or any official or employee of the Tax Commissioner, the State Treasurer, or the Department of Administrative Services to make known in any manner whatever the business affairs, operations, or information obtained by an investigation of records and activities of any retailer or any other person visited or examined in the discharge of official duty or the amount or source of income, profits, losses, expenditures, or any particular thereof, set forth or disclosed in any return, or to permit any return or copy thereof, or any book containing any abstract or particulars thereof to be seen or examined by any person not connected with the Tax Commissioner. Nothing in this section shall be construed to prohibit (a) the delivery to a taxpayer, his or her duly authorized representative, or his or her successors, receivers, trustees, executors, administrators, assignees, or guarantors, if directly interested, of a certified copy of any return or report in connection with his or her tax, (b) the publication of statistics so classified as to prevent the identification of particular reports or returns and the items thereof, (c) the inspection by the Attorney General, other legal representative of the state, or county attorney of the reports or returns of any taxpayer when either (i) information on the reports or returns is considered by the Attorney General to be relevant to any action or proceeding instituted by the taxpayer or against whom an action or proceeding is being considered or has been commenced by any state agency or the county or (ii) the taxpayer has instituted an action to review the tax based thereon or an action or proceeding against the taxpayer for collection of tax or failure to comply with the Nebraska Revenue Act of 1967 is being considered or has been commenced, (d) the furnishing of any information to the United States Government or to states allowing similar privileges to the Tax Commissioner, (e) the disclosure of information and records to a collection agency contracting with the Tax Commissioner pursuant to sections 77-377.01 to 77-377.04, (f) the disclosure to another party to a transaction of information and records concerning the transaction between the taxpayer and the other party, (g) the disclosure of information pursuant to section 77-27,195, 77-5731, 77-6837, 77-6839, or 77-6928, or (h) the disclosure of information to the Department of Labor necessary for the administration of the Employment Security Law, the Contractor Registration Act, or the Employee Classification Act.

(8) Notwithstanding the provisions of subsection (7) of this section, the Tax Commissioner may permit the Postal Inspector of the United States Postal Service or his or her delegates to inspect the reports or returns of any person filed pursuant to the Nebraska Revenue Act of 1967 when information on the reports or returns is relevant to any action or proceeding instituted or being considered by the United States Postal Service against such person for the fraudulent use of the mails to carry and deliver false and fraudulent tax returns to the Tax Commissioner with the intent to defraud the State of

Nebraska or to evade the payment of Nebraska state taxes.

(9) Notwithstanding the provisions of subsection (7) of this section, the Tax Commissioner may permit other tax officials of this state to inspect the tax returns, reports, and applications filed under sections 77-2701.04 to 77-2713 and section 71 of this act, but such inspection shall be permitted only for purposes of enforcing a tax law and only to the extent and under the conditions prescribed by the rules and regulations of the Tax Commissioner.

(10) Notwithstanding the provisions of subsection (7) of this section, the Tax Commissioner may, upon request, provide the county board of any county which has exercised the authority granted by section 81-3716 with a list of the names and addresses of the hotels located within the county for which lodging sales tax returns have been filed or for which lodging sales taxes have been remitted for the county's County Visitors Promotion Fund under the Nebraska Visitors Development Act.

The information provided by the Tax Commissioner shall indicate only the names and addresses of the hotels located within the requesting county for which lodging sales tax returns have been filed for a specified period and the fact that lodging sales taxes remitted by or on behalf of the hotel have constituted a portion of the total sum remitted by the state to the county for a specified period under the provisions of the Nebraska Visitors Development Act. No additional information shall be revealed.

(11)(a) Notwithstanding the provisions of subsection (7) of this section, the Tax Commissioner shall, upon written request by the Auditor of Public Accounts or the office of Legislative Audit, make tax returns and tax return information open to inspection by or disclosure to the Auditor of Public Accounts or employees of the office of Legislative Audit for the purpose of and to the extent necessary in making an audit of the Department of Revenue pursuant to section 50-1205 or 84-304. Confidential tax returns and tax return information shall be audited only upon the premises of the Department of Revenue. All audit ~~workpapers~~ work papers pertaining to the audit of the Department of Revenue shall be stored in a secure place in the Department of Revenue.

(b) No employee of the Auditor of Public Accounts or the office of Legislative Audit shall disclose to any person, other than another Auditor of Public Accounts or office employee whose official duties require such disclosure, any return or return information described in the Nebraska Revenue Act of 1967 in a form which can be associated with or otherwise identify, directly or indirectly, a particular taxpayer.

(c) Any person who violates the provisions of this subsection shall be guilty of a Class I misdemeanor. For purposes of this subsection, employee includes a former Auditor of Public Accounts or office of Legislative Audit employee.

(12) For purposes of this subsection and subsections (11) and (14) of this section:

(a) Disclosure means the making known to any person in any manner a tax return or return information;

(b) Return information means:

(i) A taxpayer's identification number and (A) the nature, source, or amount of his or her income, payments, receipts, deductions, exemptions, credits, assets, liabilities, net worth, tax liability, tax withheld, deficiencies, ~~overassessments~~ over assessments, or tax payments, whether the taxpayer's return was, is being, or will be examined or subject to other investigation or processing or (B) any other data received by, recorded by, prepared by, furnished to, or collected by the Tax Commissioner with respect to a return or the determination of the existence or possible existence of liability or the amount of liability of any person for any tax, penalty, interest, fine, forfeiture, or other imposition or offense; and

(ii) Any part of any written determination or any background file document relating to such written determination; and

(c) Tax return or return means any tax or information return or claim for refund required by, provided for, or permitted under sections 77-2701 to 77-2713 and section 71 of this act which is filed with the Tax Commissioner by, on behalf of, or with respect to any person and any amendment or supplement thereto, including supporting schedules, attachments, or lists which are supplemental to or part of the filed return.

(13) Notwithstanding the provisions of subsection (7) of this section, the Tax Commissioner shall, upon request, provide any municipality which has adopted the local option sales tax under the Local Option Revenue Act with a list of the names and addresses of the retailers which have collected the local option sales tax for the municipality. The request may be made annually and shall be submitted to the Tax Commissioner on or before June 30 of each year. The information provided by the Tax Commissioner shall indicate only the names and addresses of the retailers. The Tax Commissioner may provide additional information to a municipality so long as the information does not include any data detailing the specific revenue, expenses, or operations of any particular business.

(14)(a) Notwithstanding the provisions of subsection (7) of this section, the Tax Commissioner shall, upon written request, provide an individual certified under subdivision (b) of this subsection representing a municipality which has adopted the local option sales and use tax under the Local Option Revenue Act with confidential sales and use tax returns and sales and use tax return information regarding taxpayers that possess a sales tax permit and the amounts remitted by such permit holders at locations within the boundaries of

the requesting municipality or with confidential business use tax returns and business use tax return information regarding taxpayers that file a Nebraska and Local Business Use Tax Return and the amounts remitted by such taxpayers at locations within the boundaries of the requesting municipality. Any written request pursuant to this subsection shall provide the Department of Revenue with no less than ten business days to prepare the sales and use tax returns and sales and use tax return information requested. The individual certified under subdivision (b) of this subsection shall review such returns and return information only upon the premises of the department, except that such limitation shall not apply if the certifying municipality has an agreement in effect under the Nebraska Advantage Transformational Tourism and Redevelopment Act. In such case, the individual certified under subdivision (b) of this subsection may request that copies of such returns and return information be sent to him or her by electronic transmission, secured in a manner as determined by the Tax Commissioner.

(b) Each municipality that seeks to request information under subdivision (a) of this subsection shall certify to the Department of Revenue one individual who is authorized by such municipality to make such request and review the documents described in subdivision (a) of this subsection. The individual may be a municipal employee or an individual who contracts with the requesting municipality to provide financial, accounting, or other administrative services.

(c) No individual certified by a municipality pursuant to subdivision (b) of this subsection shall disclose to any person any information obtained pursuant to a review under this subsection. An individual certified by a municipality pursuant to subdivision (b) of this subsection shall remain subject to this subsection after he or she (i) is no longer certified or (ii) is no longer in the employment of or under contract with the certifying municipality.

(d) Any person who violates the provisions of this subsection shall be guilty of a Class I misdemeanor.

(e) The Department of Revenue shall not be held liable by any person for an impermissible disclosure by a municipality or any agent or employee thereof of any information obtained pursuant to a review under this subsection.

(15) In all proceedings under the Nebraska Revenue Act of 1967, the Tax Commissioner may act for and on behalf of the people of the State of Nebraska. The Tax Commissioner in his or her discretion may waive all or part of any penalties provided by the provisions of such act or interest on delinquent taxes specified in section 45-104.02, as such rate may from time to time be adjusted.

(16)(a) The purpose of this subsection is to set forth the state's policy for the protection of the confidentiality rights of all participants in the system operated pursuant to the streamlined sales and use tax agreement and of the privacy interests of consumers who deal with model 1 sellers.

(b) For purposes of this subsection:

(i) Anonymous data means information that does not identify a person;

(ii) Confidential taxpayer information means all information that is protected under a member state's laws, regulations, and privileges; and

(iii) Personally identifiable information means information that identifies a person.

(c) The state agrees that a fundamental precept for model 1 sellers is to preserve the privacy of consumers by protecting their anonymity. With very limited exceptions, a certified service provider shall perform its tax calculation, remittance, and reporting functions without retaining the personally identifiable information of consumers.

(d) The governing board of the member states in the streamlined sales and use tax agreement may certify a certified service provider only if that certified service provider certifies that:

(i) Its system has been designed and tested to ensure that the fundamental precept of anonymity is respected;

(ii) Personally identifiable information is only used and retained to the extent necessary for the administration of model 1 with respect to exempt purchasers;

(iii) It provides consumers clear and conspicuous notice of its information practices, including what information it collects, how it collects the information, how it uses the information, how long, if at all, it retains the information, and whether it discloses the information to member states. Such notice shall be satisfied by a written privacy policy statement accessible by the public on the website of the certified service provider;

(iv) Its collection, use, and retention of personally identifiable information is limited to that required by the member states to ensure the validity of exemptions from taxation that are claimed by reason of a consumer's status or the intended use of the goods or services purchased; and

(v) It provides adequate technical, physical, and administrative safeguards so as to protect personally identifiable information from unauthorized access and disclosure.

(e) The state shall provide public notification to consumers, including exempt purchasers, of the state's practices relating to the collection, use, and retention of personally identifiable information.

(f) When any personally identifiable information that has been collected and retained is no longer required for the purposes set forth in subdivision (16)(d)(iv) of this section, such information shall no longer be retained by the member states.

(g) When personally identifiable information regarding an individual is retained by or on behalf of the state, it shall provide reasonable access by such individual to his or her own information in the state's possession and a right to correct any inaccurately recorded information.

(h) If anyone other than a member state, or a person authorized by that state's law or the agreement, seeks to discover personally identifiable information, the state from whom the information is sought should make a reasonable and timely effort to notify the individual of such request.

(i) This privacy policy is subject to enforcement by the Attorney General.

(j) All other laws and regulations regarding the collection, use, and maintenance of confidential taxpayer information remain fully applicable and binding. Without limitation, this subsection does not enlarge or limit the state's authority to:

(i) Conduct audits or other reviews as provided under the agreement and state law;

(ii) Provide records pursuant to the federal Freedom of Information Act, disclosure laws with governmental agencies, or other regulations;

(iii) Prevent, consistent with state law, disclosure of confidential taxpayer information;

(iv) Prevent, consistent with federal law, disclosure or misuse of federal return information obtained under a disclosure agreement with the Internal Revenue Service; and

(v) Collect, disclose, disseminate, or otherwise use anonymous data for governmental purposes.

Sec. 73. Section 77-2713, Revised Statutes Supplement, 2023, is amended to read:

77-2713 (1) Any person required under the provisions of sections 77-2701.04 to 77-2713 and section 71 of this act to collect, account for, or pay over any tax imposed by the Nebraska Revenue Act of 1967 who willfully fails to collect or truthfully account for or pay over such tax and any person who willfully attempts in any manner to evade any tax imposed by such provisions of such act or the payment thereof shall, in addition to other penalties provided by law, be guilty of a Class IV felony.

(2) Any person who willfully aids or assists in, procures, counsels, or advises the preparation or presentation of a false or fraudulent return, affidavit, claim, or document under or in connection with any matter arising under sections 77-2701.04 to 77-2713 and section 71 of this act shall, whether or not such falsity or fraud is with the knowledge or consent of the person authorized or required to present such return, affidavit, claim, or document, be guilty of a Class IV felony.

(3) A person who engages in business as a retailer in this state without a permit or permits or after a permit has been suspended and each officer of any corporation which so engages in business shall be guilty of a Class IV misdemeanor. Each day of such operation shall constitute a separate offense.

(4) Any person who gives a resale certificate to the seller for property which he or she knows, at the time of purchase, is purchased for the purpose of use rather than for the purpose of resale, lease, or rental by him or her in the regular course of business shall be guilty of a Class IV misdemeanor.

(5) Any violation of the provisions of sections 77-2701.04 to 77-2713 and section 71 of this act, except as otherwise provided, shall be a Class IV misdemeanor.

(6) Any prosecution under sections 77-2701.04 to 77-2713 and section 71 of this act shall be instituted within three years after the commission of the offense. If such offense is the failure to do an act required by any of such sections to be done before a certain date, a prosecution for such offense may be commenced not later than three years after such date. The failure to do any act required by sections 77-2701.04 to 77-2713 and section 71 of this act shall be deemed an act committed in part at the principal office of the Tax Commissioner. Any prosecution under the provisions of the Nebraska Revenue Act of 1967 may be conducted in any county where the person or corporation to whose liability the proceeding relates resides or has a place of business or in any county in which such criminal act is committed. The Attorney General shall have concurrent jurisdiction with the county attorney in the prosecution of any offenses under the provisions of the Nebraska Revenue Act of 1967.

Sec. 74. Section 77-2715.07, Revised Statutes Supplement, 2023, is amended to read:

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

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

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

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

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

the federal credit;

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

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

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

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

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

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

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

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

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

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

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

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

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

(i) A credit as provided in the Opportunity Scholarships Act; ~~-~~

(j) A credit as provided in the Sustainable Aviation Fuel Tax Credit Act;

(k) A credit as provided in the Nebraska Shortline Rail Modernization Act;

(l) A credit as provided in the Nebraska Pregnancy Help Act; and

(m) A credit as provided in the Caregiver Tax Credit Act.

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

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

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

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

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

(b) For all taxable years beginning on or after January 1, 2009, under the Internal Revenue Code of 1986, as amended, there shall be allowed to each

partner, shareholder, member, or beneficiary of a partnership, subchapter S corporation, limited liability company, or estate or trust a nonrefundable credit against the income tax imposed by the Nebraska Revenue Act of 1967 equal to the partner's, shareholder's, member's, or beneficiary's portion of the amount of franchise tax paid to the state under sections 77-3801 to 77-3807 by a financial institution.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(11) There shall be allowed to all individuals refundable credits against the income tax imposed by the Nebraska Revenue Act of 1967 as provided in section 37 of this act and nonrefundable credits against the income tax imposed by the Nebraska Revenue Act of 1967 as provided in sections 36, 38, and 39 of this act.

Sec. 75. Section 77-2716, Revised Statutes Supplement, 2023, is amended to read:

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

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

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

(b) There shall be subtracted that portion of the total dividends and

other income received from a regulated investment company which is attributable to obligations described in subdivision (a) of this subsection as reported to the recipient by the regulated investment company;

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

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

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

(ii) Any amount added under this subsection shall be reduced by any expenses incurred in the production of such income to the extent disallowed in the computation of federal taxable income.

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

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

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

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

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

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

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

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

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

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

(b) Federal adjusted gross income or, for corporations and fiduciaries, federal taxable income shall be reduced by any contributions as a participant in the Nebraska educational savings plan trust or contributions to an account established under the achieving a better life experience program made for the benefit of a beneficiary as provided in sections 77-1401 to 77-1409, to the extent not deducted for federal income tax purposes, but not to exceed five

thousand dollars per married filing separate return or ten thousand dollars for any other return. With respect to a qualified rollover within the meaning of section 529 of the Internal Revenue Code from another state's plan, any interest, earnings, and state contributions received from the other state's educational savings plan which is qualified under section 529 of the code shall qualify for the reduction provided in this subdivision. For contributions by a custodian of a custodial account including rollovers from another custodial account, the reduction shall only apply to funds added to the custodial account after January 1, 2014.

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

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

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

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

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

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

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

(d) The amount of bonus depreciation added to federal adjusted gross income or, for corporations and fiduciaries, federal taxable income by this subsection shall be subtracted in a later taxable year. Twenty percent of the total amount of bonus depreciation added back by this subsection for tax years beginning or deemed to begin before January 1, 2003, under the Internal Revenue Code of 1986, as amended, may be subtracted in the first taxable year beginning or deemed to begin on or after January 1, 2005, under the Internal Revenue Code of 1986, as amended, and twenty percent in each of the next four following taxable years. Twenty percent of the total amount of bonus depreciation added back by this subsection for tax years beginning or deemed to begin on or after January 1, 2003, may be subtracted in the first taxable year beginning or deemed to begin on or after January 1, 2006, under the Internal Revenue Code of 1986, as amended, and twenty percent in each of the next four following taxable years.

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

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

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

the participant, including withdrawals made by reason of cancellation of the participation agreement, to the extent previously deducted as a contribution or as investment earnings.

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

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

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

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

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

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

(14)(a) For taxable years beginning or deemed to begin on or after January 1, 2021, under the Internal Revenue Code of 1986, as amended, federal adjusted gross income shall be reduced by a percentage of the social security benefits that are received and included in federal adjusted gross income. The pertinent percentage shall be:

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

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

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

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

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

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

(15)(a) For taxable years beginning or deemed to begin on or after January 1, 2015, and before January 1, 2022, under the Internal Revenue Code of 1986, as amended, an individual may make a one-time election within two calendar years after the date of his or her retirement from the military to exclude income received as a military retirement benefit by the individual to the extent included in federal adjusted gross income and as provided in this subdivision. The individual may elect to exclude forty percent of his or her military retirement benefit income for seven consecutive taxable years beginning with the year in which the election is made or may elect to exclude fifteen percent of his or her military retirement benefit income for all taxable years beginning with the year in which he or she turns sixty-seven years of age.

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

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

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

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

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

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

(18) There shall be subtracted from the federal adjusted gross income of individuals any amount received by the individual as student loan repayment assistance under the Teach in Nebraska Today Act, to the extent such amount is included in federal adjusted gross income.

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

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

(21)(a) For taxable years beginning or deemed to begin on or after January 1, 2024, under the Internal Revenue Code of 1986, as amended, an individual may reduce his or her federal adjusted gross income by the amount of interest and principal balance of medical debt discharged under the Medical Debt Relief Act, to the extent included in such individual's federal adjusted gross income.

(b) For taxable years beginning or deemed to begin on or after January 1, 2024, under the Internal Revenue Code of 1986, as amended, federal adjusted gross income or, for corporations and fiduciaries, federal taxable income shall be reduced by the amount of contributions made to the Medical Debt Relief Fund, to the extent not deducted for federal income tax purposes.

Sec. 76. Section 77-2717, Revised Statutes Supplement, 2023, is amended to read:

77-2717 (1)(a)(i) For taxable years beginning or deemed to begin before January 1, 2014, the tax imposed on all resident estates and trusts shall be a percentage of the federal taxable income of such estates and trusts as modified in section 77-2716, plus a percentage of the federal alternative minimum tax and the federal tax on premature or lump-sum distributions from qualified retirement plans. The additional taxes shall be recomputed by (A) substituting Nebraska taxable income for federal taxable income, (B) calculating what the federal alternative minimum tax would be on Nebraska taxable income and adjusting such calculations for any items which are reflected differently in the determination of federal taxable income, and (C) applying Nebraska rates to the result. The federal credit for prior year minimum tax, after the recomputations required by the Nebraska Revenue Act of 1967, and the credits provided in the Nebraska Advantage Microenterprise Tax Credit Act and the Nebraska Advantage Research and Development Act shall be allowed as a reduction in the income tax due. A refundable income tax credit shall be allowed for all resident estates and trusts under the Angel Investment Tax Credit Act, the Nebraska Advantage Microenterprise Tax Credit Act, and the Nebraska Advantage Research and Development Act. A nonrefundable income tax credit shall be allowed for all resident estates and trusts as provided in the New Markets Job Growth Investment Act.

(ii) For taxable years beginning or deemed to begin on or after January 1, 2014, the tax imposed on all resident estates and trusts shall be a percentage of the federal taxable income of such estates and trusts as modified in section 77-2716, plus a percentage of the federal tax on premature or lump-sum distributions from qualified retirement plans. The additional taxes shall be recomputed by substituting Nebraska taxable income for federal taxable income and applying Nebraska rates to the result. The credits provided in the Nebraska Advantage Microenterprise Tax Credit Act and the Nebraska Advantage Research and Development Act shall be allowed as a reduction in the income tax due. A refundable income tax credit shall be allowed for all resident estates and trusts under the Angel Investment Tax Credit Act, the Cast and Crew Nebraska Act, the Nebraska Advantage Microenterprise Tax Credit Act, the Nebraska Advantage Research and Development Act, the Nebraska Biodiesel Tax Credit Act, the Nebraska Higher Blend Tax Credit Act, the Nebraska Property Tax Incentive Act, and the Renewable Chemical Production Tax Credit Act. A nonrefundable income tax credit shall be allowed for all resident estates and trusts as provided in the Nebraska Job Creation and Mainstreet Revitalization Act, the New Markets Job Growth Investment Act, the School Readiness Tax Credit Act, the Child Care Tax Credit Act, the Affordable Housing Tax Credit Act, the Opportunity Scholarships Act, the Sustainable Aviation Fuel Tax Credit Act, the Nebraska Shortline Rail Modernization Act, the Nebraska Pregnancy Help Act, the Individuals with Intellectual and Developmental Disabilities Support Act, and sections 77-27,238, 77-27,240, and 77-27,241.

(b) The tax imposed on all nonresident estates and trusts shall be the portion of the tax imposed on resident estates and trusts which is attributable to the income derived from sources within this state. The tax which is attributable to income derived from sources within this state shall be

determined by multiplying the liability to this state for a resident estate or trust with the same total income by a fraction, the numerator of which is the nonresident estate's or trust's Nebraska income as determined by sections 77-2724 and 77-2725 and the denominator of which is its total federal income after first adjusting each by the amounts provided in section 77-2716. The federal credit for prior year minimum tax, after the recomputations required by the Nebraska Revenue Act of 1967, reduced by the percentage of the total income which is attributable to income from sources outside this state, and the credits provided in the Nebraska Advantage Microenterprise Tax Credit Act and the Nebraska Advantage Research and Development Act shall be allowed as a reduction in the income tax due. A refundable income tax credit shall be allowed for all nonresident estates and trusts under the Angel Investment Tax Credit Act, the Cast and Crew Nebraska Act, the Nebraska Advantage Microenterprise Tax Credit Act, the Nebraska Advantage Research and Development Act, the Nebraska Biodiesel Tax Credit Act, the Nebraska Higher Blend Tax Credit Act, the Nebraska Property Tax Incentive Act, and the Renewable Chemical Production Tax Credit Act. A nonrefundable income tax credit shall be allowed for all nonresident estates and trusts as provided in the Nebraska Job Creation and Mainstreet Revitalization Act, the New Markets Job Growth Investment Act, the School Readiness Tax Credit Act, the Child Care Tax Credit Act, the Affordable Housing Tax Credit Act, the Opportunity Scholarships Act, the Sustainable Aviation Fuel Tax Credit Act, the Nebraska Shortline Rail Modernization Act, the Nebraska Pregnancy Help Act, the Individuals with Intellectual and Developmental Disabilities Support Act, and sections 77-27,238, 77-27,240, and 77-27,241.

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

(3) The beneficiaries of such estate or trust who are residents of this state shall include in their income their proportionate share of such estate's or trust's federal income and shall reduce their Nebraska tax liability by their proportionate share of the credits as provided in the Angel Investment Tax Credit Act, the Nebraska Advantage Microenterprise Tax Credit Act, the Nebraska Advantage Research and Development Act, the Nebraska Job Creation and Mainstreet Revitalization Act, the New Markets Job Growth Investment Act, the School Readiness Tax Credit Act, the Child Care Tax Credit Act, the Affordable Housing Tax Credit Act, the Nebraska Biodiesel Tax Credit Act, the Nebraska Higher Blend Tax Credit Act, the Nebraska Property Tax Incentive Act, the Renewable Chemical Production Tax Credit Act, the Opportunity Scholarships Act, the Sustainable Aviation Fuel Tax Credit Act, the Nebraska Shortline Rail Modernization Act, the Cast and Crew Nebraska Act, the Nebraska Pregnancy Help Act, the Individuals with Intellectual and Developmental Disabilities Support Act, and sections 77-27,238, 77-27,240, and 77-27,241. There shall be allowed to a beneficiary a refundable income tax credit under the Beginning Farmer Tax Credit Act for all taxable years beginning or deemed to begin on or after January 1, 2001, under the Internal Revenue Code of 1986, as amended.

(4) If any beneficiary of such estate or trust is a nonresident during any part of the estate's or trust's taxable year, he or she shall file a Nebraska income tax return which shall include (a) in Nebraska adjusted gross income that portion of the estate's or trust's Nebraska income, as determined under sections 77-2724 and 77-2725, allocable to his or her interest in the estate or trust and (b) a reduction of the Nebraska tax liability by his or her proportionate share of the credits as provided in the Angel Investment Tax Credit Act, the Nebraska Advantage Microenterprise Tax Credit Act, the Nebraska Advantage Research and Development Act, the Nebraska Job Creation and Mainstreet Revitalization Act, the New Markets Job Growth Investment Act, the School Readiness Tax Credit Act, the Child Care Tax Credit Act, the Affordable Housing Tax Credit Act, the Nebraska Biodiesel Tax Credit Act, the Nebraska Higher Blend Tax Credit Act, the Nebraska Property Tax Incentive Act, the Renewable Chemical Production Tax Credit Act, the Opportunity Scholarships Act, the Sustainable Aviation Fuel Tax Credit Act, the Nebraska Shortline Rail Modernization Act, the Cast and Crew Nebraska Act, the Nebraska Pregnancy Help Act, the Individuals with Intellectual and Developmental Disabilities Support Act, and sections 77-27,238, 77-27,240, and 77-27,241 and shall execute and forward to the fiduciary, on or before the original due date of the Nebraska fiduciary return, an agreement which states that he or she will file a Nebraska income tax return and pay income tax on all income derived from or connected with sources in this state, and such agreement shall be attached to the Nebraska fiduciary return for such taxable year.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(7) There shall be allowed to corporate taxpayers a nonrefundable income tax credit as provided in the Nebraska Job Creation and Mainstreet Revitalization Act, the New Markets Job Growth Investment Act, the School Readiness Tax Credit Act, the Child Care Tax Credit Act, the Affordable Housing Tax Credit Act, the Opportunity Scholarships Act, the Sustainable Aviation Fuel Tax Credit Act, the Nebraska Shortline Rail Modernization Act, the Nebraska Pregnancy Help Act, the Individuals with Intellectual and Developmental Disabilities Support Act, and sections 77-27,238, 77-27,240, and 77-27,241.

Sec. 78. Section 77-27,223, Revised Statutes Supplement, 2023, is amended to read:

77-27,223 A county may raise revenue by levying and collecting a license or occupation tax on any person, partnership, limited liability company, corporation, or business engaged in the sale of admissions to recreational, cultural, entertainment, or concert events that are subject to sales tax under

sections 77-2701.04 to 77-2713 and section 71 of this act that occur outside any incorporated municipality, but within the boundary limits of the county. The tax shall be uniform in respect to the class upon which it is imposed. The tax shall be based upon a certain percentage of gross receipts from sales in the county of the person, partnership, limited liability company, corporation, or business, and may include sales of other goods and services at such locations and events, not to exceed one and one-half percent. A county may not impose the tax on sales that are within an incorporated city or village. No county shall levy and collect a license or occupation tax under this section unless approved by a majority of those voting on the question at a special, primary, or general election.

Sec. 79. Section 77-27,241, Revised Statutes Supplement, 2023, is amended to read:

77-27,241 (1) For purposes of this section:

(a) Agricultural producer means an individual or entity whose income is primarily attributable to crop or livestock production in the State of Nebraska;

(b) Department means the Department of Revenue;

(c) Food bank means an organization in this state that:

(i) Is exempt from federal income taxation under section 501(c)(3) of the Internal Revenue Code of 1986, as amended; and

(ii) Distributes food in ten or more counties in Nebraska and qualifies for the Emergency Food Assistance Program administered by the United States Department of Agriculture;

(d) Food pantry means an organization in this state that:

(i) Is exempt from federal income taxation under section 501(c)(3) of the Internal Revenue Code of 1986, as amended; and

(ii) Distributes emergency food supplies to low-income individuals in this state who would otherwise not have access to such food supplies;

(e) Food rescue means an organization in this state that:

(i) Is exempt from federal income taxation under section 501(c)(3) of the Internal Revenue Code of 1986, as amended; and

(ii) Accepts donations of food and delivers such food to food banks or food pantries so that such food may be distributed to low-income individuals in this state;

(f) Grocery store retailer means a retailer located in this state that is primarily engaged in business activities classified as code 445110 under the North American Industry Classification System;

(g) Qualifying agricultural food donation means a donation made by an agricultural producer to a food bank, food pantry, or food rescue of fresh or frozen fruits, vegetables, eggs, dairy products, or meat products grown or produced in the State of Nebraska which meets all applicable quality and labeling standards, along with any other applicable requirements of the food bank, food pantry, or food rescue to which the qualifying agricultural food donation is made; and

(h) Restaurant means a business located in this state that is primarily engaged in business activities classified as code 722511, 722513, 722514, or 722515 under the North American Industry Classification System.

(2) For taxable years beginning or deemed to begin on or after January 1, ~~2025~~ 2024, under the Internal Revenue Code of 1986, as amended, a credit against the income tax imposed by the Nebraska Revenue Act of 1967 shall be allowed to:

(a) Any grocery store retailer or restaurant that donates food to a food bank, food pantry, or food rescue during the taxable year; and

(b) Any agricultural producer that makes a qualifying agricultural food donation to a food bank, food pantry, or food rescue during the taxable year.

(3) Subject to subsection (7) of this section, the credit provided in this section shall be a nonrefundable credit in an amount equal to fifty percent of the value of the food donations or qualifying agricultural food donations made during the taxable year, not to exceed two thousand five hundred dollars. Any amount of the credit that the taxpayer is prohibited from claiming in a taxable year may be carried forward to any of the three subsequent taxable years.

(4) For purposes of this section, food donated by a grocery store retailer or restaurant shall be valued at its wholesale value. A qualifying agricultural food donation shall be valued at the prevailing market value of the product at the time of donation, plus the direct cost incurred by the agricultural producer for processing the product.

(5) To receive a credit under this section, a taxpayer shall submit an application to the department in a form and manner prescribed by the department. The application shall include the amount of food donated during the taxable year and any other information required by the department.

(6) If the department determines that an application is complete and that the taxpayer qualifies for credits, the department shall approve the application within the limits set forth in this section and shall certify the amount of credits approved to the taxpayer.

(7) The department may approve up to five hundred thousand zero dollars of credits in fiscal year 2025-26 and each fiscal year thereafter ~~each year~~. If the amount of credits requested by qualified taxpayers in any year exceeds such limit, the department shall allocate credits proportionally based on the amounts requested so that the limit is not exceeded.

(8) A taxpayer shall claim the credit by attaching the tax credit certification received from the department under subsection (6) of this section to the taxpayer's tax return.

(9) Any amount relating to such food donations or qualifying agricultural food donations that was ~~deducted as a charitable contribution on the taxpayer's federal income tax return subtracted from the taxpayer's federal adjusted gross income or federal taxable income~~ must be added back in the determination of Nebraska ~~adjusted gross income or taxable income~~ before the credit provided in this section may be claimed.

(10) No credit granted under this section shall be transferred, sold, or assigned. No taxpayer shall be eligible to receive a credit under this section if such taxpayer employs persons who are not authorized to work in the United States under federal law. No taxpayer shall be able to claim more than one credit under this section for a single donation.

(11) A food bank, food pantry, or food rescue may accept or reject any food donated under this section for any reason. Any food that is rejected shall not qualify for a credit under this section.

(12) The department may adopt and promulgate rules and regulations to carry out this section.

Sec. 80. Section 77-3806, Revised Statutes Cumulative Supplement, 2022, is amended to read:

77-3806 (1) The tax return shall be filed and the total amount of the franchise tax shall be due on the fifteenth day of the third month after the end of the taxable year. No extension of time to pay the tax shall be granted. If the Tax Commissioner determines that the amount of tax can be computed from available information filed by the financial institutions with either state or federal regulatory agencies, the Tax Commissioner may, by regulation, waive the requirement for the financial institutions to file returns.

(2) Sections 77-2714 to 77-27,135 relating to deficiencies, penalties, interest, the collection of delinquent amounts, and appeal procedures for the tax imposed by section 77-2734.02 shall also apply to the tax imposed by section 77-3802. If the filing of a return is waived by the Tax Commissioner, the payment of the tax shall be considered the filing of a return for purposes of sections 77-2714 to 77-27,135.

(3) No refund of the tax imposed by section 77-3802 shall be allowed unless a claim for such refund is filed within ninety days of the date on which (a) the tax is due or was paid, whichever is later, (b) a change is made to the amount of deposits or the net financial income of the financial institution by a state or federal regulatory agency, or (c) the Nebraska Investment Finance Authority issues an eligibility statement to the financial institution pursuant to the Affordable Housing Tax Credit Act.

(4) Any such financial institution shall receive a credit on the franchise tax as provided under the Affordable Housing Tax Credit Act, the Community Development Assistance Act, the Nebraska Higher Blend Tax Credit Act, the Nebraska Job Creation and Mainstreet Revitalization Act, the Nebraska Property Tax Incentive Act, ~~and the New Markets Job Growth Investment Act,~~ the Sustainable Aviation Fuel Tax Credit Act, and the Nebraska Shortline Rail Modernization Act.

Sec. 81. Section 77-7012, Revised Statutes Supplement, 2023, is amended to read:

77-7012 (1) If the department determines that an application is complete and that the taxpayer qualifies for tax credits, the department shall approve the application within the limits set forth in this section and shall certify the amount of tax credits approved to the taxpayer.

(2) The department may approve up to one million dollars in tax credits in fiscal any calendar year 2024-25 and up to one million five hundred thousand dollars in tax credits in any fiscal year thereafter. If the total amount of tax credits requested in any fiscal calendar year exceeds such limit, the department shall allocate the tax credits proportionally based upon amounts requested.

Sec. 82. Section 77-7015, Revised Statutes Supplement, 2023, is amended to read:

77-7015 There shall be no new applications filed under the Nebraska Biodiesel Tax Credit Act after December 31, ~~2029~~ 2028. All applications and all tax credits pending or approved before such date shall continue in full force and effect.

Sec. 83. Section 81-1220, Revised Statutes Cumulative Supplement, 2022, is amended to read:

81-1220 (1)(a) The Nebraska Film Office Fund is created. The fund shall be administered by the Department of Economic Development and used for grants for Nebraska-based films, Nebraska filmmakers, and tribal communities in Nebraska as provided in this section.

(b) The fund shall consist of funds transferred by the Legislature, gifts, grants, and bequests. ~~It is the intent of the Legislature to transfer the unexpended and unobligated balance in the Nebraska Film Office Fund on June 30, 2025, to the General Fund.~~

(c) Any money in the Nebraska Film Office Fund available for investment shall be invested by the state investment officer pursuant to the Nebraska Capital Expansion Act and the Nebraska State Funds Investment Act.

(2)(a) The department shall administer a grant program for Nebraska-based films and shall require applications to be submitted to the department prior to beginning production.

(b) To be eligible for a grant under the program, the applicant shall verify that:

- (i) The film is to be produced in Nebraska;
- (ii) The film tells a Nebraska story; and

(iii) At least fifty percent of the workforce for film production will be composed of Nebraska residents for the duration of the production except as otherwise provided in subdivision (c) of this subsection.

(c) The department may lower the fifty-percent requirement in subdivision (b)(iii) of this subsection but shall not waive the requirement. The applicant shall apply to the department to lower the requirement and provide a certification that the requirement is an unreasonable impediment to production of the film. The department shall notify the applicant of the decision under this subdivision.

(d) The department shall review each application to determine whether the film qualifies for a grant under this ~~subsection section~~ and shall not award a grant that exceeds twenty-five percent of the projected production cost of the film.

(3)(a) The department shall administer a grant program for Nebraska filmmakers with the intention to create Nebraska film industry jobs and shall require applications to be submitted to the department prior to beginning production.

(b) To be eligible for a grant under the program, the applicant shall verify that:

(i) One hundred percent of the principal photography of the film will be in Nebraska;

(ii) The applicant is a resident that has a validated credit as a producer, director, director of photography, or screenwriter for the film;

(iii) The film will be a full-length film or documentary or a short-length film or documentary;

(iv) The film will not contain any obscene or sexually explicit material;

(v) All employees who will work on the film are residents; and

(vi) The total budget of the film is at least:

(A) For full-length films or documentaries, fifty thousand dollars; or

(B) For short-length films or documentaries, five thousand dollars;

(c) The department shall review each application to determine whether the film qualifies for a grant under this subsection.

(d) The department shall review applications for grants under this subsection in the order in which the applications are received.

(e) The department shall award grants under this subsection for a total of four full-length films or documentaries and ten short-length films or documentaries each calendar year.

(f) The department shall not award a grant that exceeds two hundred fifty thousand dollars for a full-length film or documentary or twenty-five thousand dollars for a short-length film or documentary.

(g) The department shall not award total grants exceeding one million three hundred twenty-five thousand dollars in any calendar year.

(h) The first grant awarded for each individual film shall not exceed:

(i) For full-length films or documentaries, fifty thousand dollars; or

(ii) For short-length films or documentaries, ten thousand dollars.

(i) If an applicant who receives a grant under this subsection does not meet the requirements for eligibility under subdivision (b) of this subsection during the entirety of the production of the film, the applicant shall repay the entirety of the grant.

(j) For purposes of this subsection:

(i) Full-length means a production at least sixty minutes in length;

(ii) Short-length means a production at least thirty minutes and less than sixty minutes in length; and

(iii) Resident means any individual domiciled in the State of Nebraska and any other individual who maintains a permanent place of residence within the state even though temporarily absent from the state and who has not established a residence elsewhere.

(4)(a) The department shall administer a grant program for film and entertainment education programs in tribal communities in Nebraska.

(b) The department shall award total grants of at least seventy-five thousand dollars each calendar year.

Sec. 84. Sections 64, 65, and 85 of this act become operative on August 1, 2024. Sections 67, 68, 69, 70, 71, 72, 73, 78, and 86 of this act become operative on October 1, 2024. Sections 24, 25, 26, 27, 28, 29, 30, 31, 32, and 33 of this act become operative for all taxable years beginning or deemed to begin on or after January 1, 2025, under the Internal Revenue Code of 1986, as amended. The other sections of this act become operative on their effective date.

Sec. 85. Original section 66-489, Reissue Revised Statutes of Nebraska, and section 66-482, Revised Statutes Cumulative Supplement, 2022, are repealed.

Sec. 86. Original sections 77-2701, 77-2701.04, 77-2701.41, 77-2704.12, 77-2711, 77-2713, and 77-27,223, Revised Statutes Supplement, 2023, are repealed.

Sec. 87. Original sections 77-908, 77-3806, and 81-1220, Revised Statutes Cumulative Supplement, 2022, and sections 77-2715.07, 77-2716, 77-2717, 77-2734.03, 77-27,241, 77-7012, and 77-7015, Revised Statutes Supplement, 2023, are repealed.

Sec. 88. The following section is outright repealed: Section 66-4,146.01, Reissue Revised Statutes of Nebraska.