

LEGISLATIVE BILL 1344

Approved by the Governor April 16, 2024

Introduced by Wayne, 13.

A BILL FOR AN ACT relating to economic development; to amend sections 13-201, 13-203, 13-204, 13-205, 13-206, 13-207, 13-208, and 81-1201.12, Reissue Revised Statutes of Nebraska, sections 77-908, 77-3806, 81-12,108, and 81-12,112, Revised Statutes Cumulative Supplement, 2022, and sections 77-2715.07, 77-2734.03, 77-4403, 77-4404, 77-4405, 81-12,109, and 81-12,110, Revised Statutes Supplement, 2023; to rename and change provisions of the Creating High Impact Economic Futures Act; to change provisions relating to good life districts, innovation hubs, and inland port districts; to require a report to the Legislature; to define and redefine terms; to harmonize provisions; to provide operative dates; and to repeal the original sections.

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

Section 1. Section 13-201, Reissue Revised Statutes of Nebraska, is amended to read:

13-201 Sections 13-201 to 13-208 shall be known and may be cited as the Creating High Impact Economic Futures Community Development Assistance Act and may also be referred to as the CHIEF Act.

Sec. 2. Section 13-203, Reissue Revised Statutes of Nebraska, is amended to read:

13-203 For purposes of the Creating High Impact Economic Futures Community Development Assistance Act, unless the context otherwise requires:

(1) Accelerator program means a program that (a) provides education and mentorship lasting no more than twenty-four months for early-stage technology companies that have been recruited to a location in this state and (b) has a defined curriculum and mentorship component designed to accelerate a technology company's development and growth;

(2) Agribusiness or agricultural business entity means any person, partnership, limited partnership, corporation, limited liability company, or other entity engaged in a business that processes raw agricultural products, including, but not limited to, corn, or that provides value-added functions with regard to raw agricultural products;

(3) Area of chronic economic distress means an area of the state which meets any of the following conditions:

(a) An unemployment rate which exceeds the statewide average unemployment rate;

(b) A per capita income below the statewide average per capita income; or

(c) A population loss between the two most recent federal decennial censuses;

(4) ~~(1)~~ Business firm means shall mean any business entity, including a corporation, a fiduciary, a sole proprietorship, a partnership, a limited liability company, a corporation having an election in effect under Chapter 1, subchapter S of the Internal Revenue Code, as defined in section 49-801.01, subject to the state income tax imposed by section 77-2715 or 77-2734.02, an insurance company paying premium or related retaliatory taxes in this state pursuant to section 44-150 or 77-908, or a financial institution paying the tax imposed pursuant to sections 77-3801 to 77-3807;

(5) Community betterment organization means any:

(a) Organization performing eligible activities in a community development area and to which contributions are tax deductible under the provisions of the Internal Revenue Service of the United States Department of the Treasury;

(b) County, city, or village performing eligible activities;

(c) Inland port authority created pursuant to the Municipal Inland Port Authority Act;

(d) Agribusiness or agricultural business entity; or

(e) Organization designated as an iHub under the Nebraska Innovation Hub Act in a community development area;

~~(2)~~ Community services shall mean any type of the following in a community development area: (a) Employment training; (b) human services; (c) medical services; (d) physical facility and neighborhood development services; (e) recreational services or activities; (f) educational services; or (g) crime prevention activities, including, but not limited to, (i) the instruction of any individual in the community development area that enables him or her to acquire vocational skills, (ii) counseling and advice, (iii) emergency services, (iv) community, youth, day care, and senior citizen centers, (v) in-home services, (vi) home improvement services and programs, and (vii) any legal enterprise which aids in the prevention or reduction of crime;

~~(3)~~ Department shall mean the Department of Economic Development;

~~(4)~~ Director shall mean the Director of Economic Development;

~~(6)~~ ~~(5)~~ Community development area means shall mean any:

(a) Village village, city, county, unincorporated area of a county, or census tract which has been designated by the department as an area of chronic economic distress;

- (b) Economic redevelopment area as defined in section 77-6906;
- (c) Enterprise zone designated pursuant to the Enterprise Zone Act;
- (d) Qualified census tract in Nebraska as defined in 26 U.S.C. 42(d)(5)(B)
- (ii)(I), as such section existed on January 1, 2024;
- (e) County with a population of less than ten thousand inhabitants; or
- (f) Inland port district created pursuant to the Municipal Inland Port Authority Act;
- (7) Department means the Department of Economic Development;
- (8) Eligible activities include: (a) Employment training; (b) operations of any inland port authority created under the Municipal Inland Port Authority Act; (c) medical services; (d) operation of an agribusiness or agricultural business entity; (e) recreational services or activities, including, but not limited to, operations for a sports complex or sports venue as defined in section 13-3102; (f) home improvement services and programs; (g) crime prevention activities, including, but not limited to, (i) mental health counseling and advice, (ii) community, youth, and senior citizen centers, and (iii) any legal enterprise which aids in the prevention or reduction of crime; (h) construction or operation of intermodal facilities or a shovel-ready site owned by the qualifying organization or by a city or village in this state; (i) creation or operation of an accelerator program for technology companies; or (j) operations of an iHub;
- (9) Inland port authority has the same meaning as in section 13-3303;
- (10) Inland port district has the same meaning as in section 13-3303; and
- (11) Innovation hub or iHub has the same meaning as in section 81-12,108.
- ~~(6) Community assistance shall mean furnishing financial assistance, labor, material, or technical advice to aid in the physical improvement of any part or all of a community development area;~~
- ~~(7) Community betterment organization shall mean (a) any organization performing community services or offering community assistance in a community development area and to which contributions are tax deductible under the provisions of the Internal Revenue Service of the United States Department of the Treasury and (b) a county, city, or village performing community services or offering community assistance in a community development area; and~~
- ~~(8) Area of chronic economic distress shall mean an area of the state which meets any of the following conditions:~~
 - ~~(a) An unemployment rate which exceeds the statewide average unemployment rate;~~
 - ~~(b) A per capita income below the statewide average per capita income; or~~
 - ~~(c) A population loss between the two most recent federal decennial censuses.~~

Sec. 3. Section 13-204, Reissue Revised Statutes of Nebraska, is amended to read:

13-204 Any community betterment organization which provides eligible activities ~~community assistance or community services~~ in a community development area may apply any time during the fiscal year to the department to have one or more programs or projects certified for tax credit status as provided in sections 13-205 to 13-208. The proposal shall set forth the program or project to be conducted, the community development area, the estimated amount to be required for completion of the program or project or the annual estimated amount required for an ongoing program or project, the plans for implementing the program or project, and the amount of contributions committed or anticipated for such activities or services.

Sec. 4. Section 13-205, Reissue Revised Statutes of Nebraska, is amended to read:

13-205 (1) A proposal submitted to the department shall only include all of the following:

- (a) A description of the program or project to be conducted, including the eligible activities that will be provided as a result of the program or project;
- (b) A description of the community development area, including the geographical location and boundaries of the community development area;
- (c) The estimated amount to be required for completion of the program or project, including (i) a proposed budget for the program or project with information on personnel and administrative overhead costs, (ii) the amount of tax credits requested for the year of application, and (iii) the amount of contributions pledged or anticipated from individuals or business firms eligible for tax credits as well as other sources of funding for the program or project;
- (d) The annual estimated amount required for an ongoing program or project, including a proposed annual budget with information on personnel and administrative overhead costs, and the amount of tax credits anticipated to be sought in future years;
- (e) A description of the community betterment organization's plans and capacity for implementing the program or project and continuing the program or project;
- (f) Documentation that the proposal is supported by the appropriate subdivision of local government, including any letters of support on the proposal provided by such subdivision of local government, and information regarding whether the proposal is consistent with any community development plan that may exist for the area in which the community betterment organization will provide eligible activities; and
- (g) If the community betterment organization is recognized by the Internal Revenue Service of the United States Department of the Treasury as an

organization to which contributions are tax deductible, documentation of such recognition.

(2) The department shall review all proposals based on the following criteria:

(a) The extent to which the proposed program or project will create or maintain jobs, provide youth sport participation, stimulate economic development, or provide an economic benefit to the community development area;

(b) A demonstrated capacity and performance of the community betterment organization to execute the proposed program or project;

(c) The involvement of residents and community support of the affected area in the planning of the proposed program or project and the extent to which they will be involved in its implementation;

(d) The extent to which private sector contributions have been committed to the proposed program or project, contingent upon approval of the program or project by the department; and

(e) Documentation that the proposed program or project is supported by the appropriate subdivision of local government, including any letters of support provided by such subdivision of local government, and information regarding whether the proposed program or project is consistent with any community development plan that may exist for the area in which the community betterment organization will provide eligible activities.

(3) Proposals submitted subsequent to the first year shall be evaluated on performance of the prior year's program or project, other resources developed, and continued need.

~~If the subdivision of local government has adopted a community development plan for an area which includes the area in which the community betterment organization is providing community assistance or community services, the organization shall submit a copy of the program proposal to the chief executive officer of such subdivision. If the program proposal is consistent with the adopted community development plan, the chief executive officer shall so certify to the department for the department's approval or disapproval. If the program proposal is not consistent with the adopted community development plan of the local subdivision, the chief executive officer shall so indicate and the proposal shall not be approved by the department. If the proposed activities are consistent with the adopted community development plan, but for other reasons they are not viewed as appropriate by the local subdivision, the chief executive officer shall so indicate and the department shall review the program proposal and approve or disapprove it. The local subdivision shall review the proposal within forty-five days from the date of receipt for review. If the subdivision does not issue its finding concerning the proposal within forty-five days after receipt, the proposal shall be deemed approved. The department shall approve or disapprove a program proposal submitted pursuant to section 13-204 within forty-five days of receipt by the department.~~

Sec. 5. Section 13-206, Reissue Revised Statutes of Nebraska, is amended to read:

~~13-206 (1) The director shall adopt and promulgate rules and regulations for the approval or disapproval of the program proposals submitted pursuant to section 13-205 taking into account the economic need level and the geographic distribution of the population of the community development area. The director shall also adopt and promulgate rules and regulations concerning the amount of the tax credit for which a program shall be certified. The tax credits provided for in sections 13-205 to 13-208 shall be available for contributions to a certified program or project which may qualify as a charitable contribution deduction on the federal income tax return filed by the business firm or individual making such contribution. The decision of the department to approve or disapprove all or any portion of a proposal shall be in writing. If the proposal is approved, the maximum tax credit allowance for the certified program shall be stated along with the approval. The maximum tax credit allowance approved by the department shall be final for the fiscal year in which the program or project is certified. A copy of all decisions shall be transmitted to the Tax Commissioner. A copy of all credits allowed to business firms under sections 44-150 and 77-908 shall be transmitted to the Director of Insurance.~~

(2) For all business firms and individuals eligible for the credit allowed by section 13-207, except for insurance companies paying premium and related retaliatory taxes in this state pursuant to section 44-150 or 77-908, the Tax Commissioner shall provide for the manner in which the credit allowed by section 13-207 shall be taken and the forms on which such credit shall be allowed. The Tax Commissioner shall adopt and promulgate rules and regulations for the method of providing tax credits. The Director of Insurance shall provide for the manner in which the credit allowed by section 13-207 to insurance companies paying premium and related retaliatory taxes in this state pursuant to sections 44-150 and 77-908 shall be taken and the forms on which such credit shall be allowed. The Director of Insurance may adopt and promulgate rules and regulations for the method of providing the tax credit. The Tax Commissioner shall allow against any income tax due from the insurance companies paying premium and related retaliatory taxes in this state pursuant to section 44-150 or 77-908 a credit for the credit provided by section 13-207 and allowed by the Director of Insurance.

(3) The decision of the department to approve or disapprove all or any portion of a proposal or certify a program or project for a designated amount of tax credits shall be provided in writing within forty-five days after receipt of a complete application. If the program or project is approved or

certified for a designated amount of tax credits, the department shall prepare and transmit a written agreement to the community betterment organization. The date the written agreement is fully executed by the community betterment organization and the department shall be the date from which contributions may be made to the approved program or project.

(4) Documentation evidencing contributions made to programs or projects certified for tax credit status by the department shall be submitted to the department. The department may request additional documentation as the facts and circumstances may require, or to substantiate the value of the contribution, but documentation shall generally be as follows:

(a) Cash contributions may be shown by a photocopy of both sides of the canceled check or by proof of electronic funds transfer that includes documentation from the bank account of origin and destination. Checks shall be made payable to the community betterment organization and noted specifically for that program or project, and electronic funds transfers shall be transferred into the community betterment organization's bank account for the program or project certified for tax credit status by the department;

(b) Real property contributions may be shown by the deed and documentation of at least one independent appraisal of the real property by a real property appraiser credentialed under the Real Property Appraiser Act;

(c) Contributions of equipment or supplies may be shown by copies of invoices signed by both the contributor and the community betterment organization receiving the equipment or supplies;

(d) Stock contributions shall be converted into cash before the community betterment organization receives the donation. Stock contributions may be shown as cash contributions; and

(e) Other contributions may be shown by affidavit or by other signed statement deemed acceptable by the department that identifies the contribution, the value of the contribution, and how the value was determined along with other information as may be requested by the department for the particular situation.

(5) The value of eligible contributions made to community betterment organizations for programs or projects certified for tax credit status by the department shall be determined based upon the valuation of charitable contributions for federal income tax purposes established by the Internal Revenue Service of the United States Department of the Treasury.

Sec. 6. Section 13-207, Reissue Revised Statutes of Nebraska, is amended to read:

13-207 (1) An individual taxpayer who makes one or more contributions to one or more programs or projects certified for tax credit status during a tax year shall be eligible for a tax credit under the Creating High Impact Economic Futures Act. The amount of the credit shall be equal to one hundred percent of the total amount of such contributions made during the tax year.

(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 fifty percent of the tax credit that would otherwise have been allowed for a joint return.

(3) 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 makes one or more contributions to one or more programs or projects certified for tax credit status during a tax year shall be eligible for a tax credit under the Creating High Impact Economic Futures Act. The amount of the credit shall be equal to fifty percent of the total amount of such contributions made during the tax year. 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.

(4) An estate or trust that makes one or more contributions to one or more programs or projects certified for tax credit status during a tax year shall be eligible for a tax credit under the Creating High Impact Economic Futures Act. The amount of the credit shall be equal to fifty percent of the total amount of such contributions made during the tax year. 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.

(5) A corporate taxpayer as defined in section 77-2734.04 that makes one or more contributions to one or more programs or projects certified for tax credit status during a tax year shall be eligible for a tax credit under the Creating High Impact Economic Futures Act. The amount of the credit shall be equal to fifty percent of the total amount of such contributions made during the tax year.

(6) 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.

(7) The tax credit allowed under this section is subject to section 13-208.

(1) Any business firm or individual which plans to or which has contributed to a certified program of a community betterment organization may apply to the department for authorization for a tax credit for the contribution to the certified program in an amount up to but not exceeding the maximum tax credit allowed by the department. The maximum tax credit allowed by the department for each approved business firm or individual shall be in an amount

~~which does not exceed forty percent of the total amount contributed by the business firm or individual during its taxable year to any programs certified pursuant to section 13-205. The director shall send a copy of the approved application which includes the amount of the tax credit to be allowed and a certification by the department that the contribution has been paid as proposed by the business firm or individual to the Tax Commissioner who shall grant a tax credit against any tax due under sections 77-2715, 77-2734.02, and 77-3801 to 77-3807 and to the Director of Insurance who shall grant a tax credit against any premium and related retaliatory taxes due under sections 44-150 and 77-908.~~

~~(2) No tax credit shall be granted to any business firm or individual in this state pursuant to the Community Development Assistance Act for activities that are a part of its normal course of business. Any tax credit balance may be carried over and applied against the business firm's or individual's tax liability for the next five years immediately succeeding the tax year in which the credit was first allowed.~~

Sec. 7. Section 13-208, Reissue Revised Statutes of Nebraska, is amended to read:

13-208 The annual limit on the total amount of tax credits allowed (1) for calendar years 2025 and 2026 shall be nine hundred thousand dollars per year with a total of three hundred thousand dollars per year for each congressional district and (2) for calendar year 2027 and each calendar year thereafter shall be three million dollars per year with a total of one million dollars per year for each congressional district. Once credits have reached the annual limit for any calendar year, no additional credits shall be allowed for such calendar year. The maximum amount of credits per program or project shall not exceed one hundred fifty thousand dollars per year for the first congressional district and one hundred fifty thousand dollars per year for the third congressional district. The total amount of tax credit granted for programs approved and certified under the Community Development Assistance Act by the department for any fiscal year shall not exceed three hundred fifty thousand dollars, except that for fiscal year 2016-17, the total amount of tax credit granted under this section shall be reduced by seventy five thousand dollars.

Sec. 8. 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 Creating High Impact Economic Futures 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, and the Affordable Housing Tax Credit Act.

Sec. 9. 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, 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 programs or projects certified for tax credit status ~~certified community betterment programs~~ as provided in the Creating High Impact Economic Futures 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.

(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 programs or projects certified for tax credit status ~~certified community betterment programs~~ as provided in the Creating High Impact Economic Futures 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 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.

Sec. 10. 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 programs or projects certified for tax credit status ~~community betterment programs~~ as provided in the Creating High Impact Economic Futures 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 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, and sections 77-27,238, 77-27,240, and 77-27,241.

Sec. 11. 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 Creating High Impact Economic Futures 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.

Sec. 12. Section 77-4403, Revised Statutes Supplement, 2023, is amended to read:

77-4403 For purposes of the Good Life Transformational Projects Act:

(1) Department means the Department of Economic Development; ~~and~~

(2) Good life district means a district established pursuant to section 77-4405; ~~and~~

(3) Qualified inland port district means an inland port district created pursuant to the Municipal Inland Port Authority Act that is located within a city of the metropolitan class.

Sec. 13. Section 77-4404, Revised Statutes Supplement, 2023, is amended to read:

77-4404 (1) Until December 31, 2024, any person may apply to the department to create a good life district. All applications shall be in writing and shall contain:

(a) A description of the proposed project to be undertaken within the good life district, including a description of any existing development, an estimate of the total new development costs for the project, and an estimate of the number of new jobs to be created as a result of the project;

(b) A map identifying the good life district to be used for purposes of the project;

(c) A description of the proposed financing of the project;

(d) Documentation of local financial commitment to support the project, including all public and private resources pledged or committed to the project and including a copy of any operating agreement or lease with substantial users of the project area; and

(e) Sufficient documents, plans, and specifications as required by the department to define the project, including the following:

(i) A statement of how the jobs and taxes obtained from the project will

contribute significantly to the economic development of the state and region;

(ii) Visitation expectations and a plan describing how the number of visitors to the good life district will be tracked and reported on an annual basis;

(iii) Any unique qualities of the project;

(iv) An economic impact study, including the anticipated effect of the project on the regional and statewide economies;

(v) Project accountability, measured according to best industry practices;

(vi) The expected return on state and local investment the project is anticipated to produce; and

(vii) A summary of community involvement, participation, and support for the project.

(2) Upon receiving an application, the department shall review the application and notify the applicant of any additional information needed for a proper evaluation of the application.

(3) The application and all supporting information shall be confidential except for the location of the project, the total new development costs estimated for the project, and the number of new jobs estimated to be created as a result of the project.

(4) No more than five good life districts may be created statewide. No more than one good life district may be created in any county with a population of five hundred thousand inhabitants or more, excluding any good life district created within a qualified inland port district.

Sec. 14. Section 77-4405, Revised Statutes Supplement, 2023, is amended to read:

77-4405 (1) If the department finds that creation of the good life district would not exceed the limits prescribed in subsection (4) of section 77-4404 and the project described in the application meets the eligibility requirements of this section, the application shall be approved.

(2) A project is eligible if:

(a) The applicant demonstrates that the total new development costs of the project will exceed:

(i) One billion dollars if the project will be located in a city of the metropolitan class;

(ii) Seven hundred fifty million dollars if the project will be located in a city of the primary class;

(iii) Five hundred million dollars if the project will be located in a city of the first class, city of the second class, or village within a county with a population of one hundred thousand inhabitants or more; or

(iv) One hundred million dollars if the project will be located in a city of the first class, city of the second class, village, or sanitary and improvement district ~~or village~~ within a county with a population of less than one hundred thousand inhabitants;

(b) The applicant demonstrates that the project will directly or indirectly result in the creation of:

(i) One thousand new jobs if the project will be located in a city of the metropolitan class;

(ii) Five hundred new jobs if the project will be located in a city of the primary class;

(iii) Two hundred fifty new jobs if the project will be located in a city of the first class, city of the second class, or village within a county with a population of one hundred thousand inhabitants or more; or

(iv) Fifty new jobs if the project will be located in a city of the first class, city of the second class, village, or sanitary and improvement district ~~or village~~ within a county with a population of less than one hundred thousand inhabitants; and

(c)(i) For a project that will be located in a county with a population of one hundred thousand inhabitants or more, the applicant demonstrates that, upon completion of the project, at least twenty percent of sales at the project will be made to persons residing outside the State of Nebraska or the project will generate a minimum of six hundred thousand visitors per year who reside outside the State of Nebraska and the project will attract new-to-market retail to the state and will generate a minimum of three million visitors per year. Students from another state who attend a Nebraska public or private university shall not be counted as out-of-state residents for purposes of this subdivision; or

(ii) For a project that will be located in a county with a population of less than one hundred thousand inhabitants, the applicant demonstrates that, upon completion of the project, at least twenty percent of sales at the project will be made to persons residing outside the State of Nebraska. Students from another state who attend a Nebraska public or private university shall not be counted as out-of-state residents for purposes of this subdivision.

(3) The applicant must certify that any anticipated diversion of state sales tax revenue will be offset or exceeded by sales tax paid on anticipated development costs, including construction to real property, during the same period.

(4) A project is not eligible if:

(a) The the project includes a licensed racetrack enclosure or an authorized gaming operator as such terms are defined in section 9-1103; -

(b) The project received funds pursuant to the Shovel-Ready Capital Recovery and Investment Act or the Economic Recovery Act, except that this subdivision shall not apply to any project located in a qualified inland port district; or

(c) The project includes any portion of a public or private university.

(5) Approval of an application under this section shall establish the good life district as that area depicted in the map accompanying the application as submitted pursuant to subdivision (1)(b) of section 77-4404. Such district shall last for twenty-five years and shall not exceed two thousand acres in size or, for any good life district created within a qualified inland port district, the size of the qualified inland port district.

(6) Upon establishment of a good life district under this section, any transactions occurring within the district shall be subject to a reduced sales tax rate as provided in section 77-2701.02.

Sec. 15. Section 81-1201.12, Reissue Revised Statutes of Nebraska, is amended to read:

81-1201.12 The department shall:

(1) Submit and adopt all necessary plans, enter into contracts, and accept gifts, grants, and federal funds; and

(2) Administer the tax credit program established by the Creating High Impact Economic Futures Community Development Assistance Act and adopt and promulgate rules and regulations pursuant to such act.

Sec. 16. Section 81-12,108, Revised Statutes Cumulative Supplement, 2022, is amended to read:

81-12,108 For purposes of the Nebraska Innovation Hub Act:

(1) Department means the Department of Economic Development;

(2) Director means the Director of Economic Development;

(3) Economic redevelopment area means an area in the State of Nebraska in which:

(a) The average rate of unemployment in the area during the period covered by the most recent federal decennial census or American Community Survey 5-Year Estimate by the United States Bureau of the Census is at least one hundred fifty percent of the average rate of unemployment in the state during the same period; and

(b) The average poverty rate in the area is twenty percent or more for the federal census tract in the area;

(4) iHub area means the geographical area in this state in which an iHub will operate. An iHub area shall be located within:

(a) An economic redevelopment area; ~~or~~

(b) An enterprise zone designated pursuant to the Enterprise Zone Act;

(c) An inland port district as defined in section 13-3303;

(d) Thirty miles of the largest artificial reservoir constructed in this state for the storage of water; or

(e) Any county having a population of less than one hundred thousand inhabitants;

(5) iHub partner means an entity described in section 81-12,111 that collaborates with an iHub for purposes of driving economic growth within an iHub area;

(6) Innovation hub or iHub means a private nonprofit corporation that is designated by the director as an iHub or an inland port authority created under the Municipal Inland Port Authority Act; and

(7) Postsecondary educational institution means a two-year or four-year college or university which is a member institution of an accrediting body recognized by the United States Department of Education.

Sec. 17. Section 81-12,109, Revised Statutes Supplement, 2023, is amended to read:

81-12,109 (1) The department shall designate innovation hubs within iHub areas to stimulate partnerships, economic development, and job creation by leveraging iHub partner assets to provide an innovation platform for startup businesses, economic development organizations, business groups, and venture capitalists. The iHub partner assets may include, but are not limited to, research parks, technology incubators, universities, and federal laboratories.

(2) The department shall designate no more than six ~~four~~ iHubs in the first congressional district, no more than four ~~three~~ iHubs in the second congressional district, and no more than six iHubs in the third congressional district.

(3) The department shall terminate any iHub designation for any iHub that has not fully implemented the memorandum of understanding entered into pursuant to section 81-12,110 within three years after such designation.

Sec. 18. Section 81-12,110, Revised Statutes Supplement, 2023, is amended to read:

81-12,110 (1) Except as provided in subsection (3) of this section, a private nonprofit corporation or an inland port authority created under the Municipal Inland Port Authority Act may apply to the director to become designated as an iHub. ~~Applications shall be submitted on or after November 1, 2022, and before June 1, 2023.~~ The application shall include, but not be limited to, the following:

(a) A statement of purpose;

(b) A signed statement of cooperation and a description of the roles and relationships of each iHub partner;

(c) A clear explanation and map conveying the iHub area;

(d) A clearly identified central location for the iHub, which shall be a physical location;

(e) A complete budget, including a description of secured funds, pending funds, and potential future funding sources;

(f) A clearly articulated iHub management structure and plan, which may include a description of the capabilities, qualifications, and experience of the proposed management team, team leaders, or key personnel who are critical

to achieving the proposed objectives;

- (g) A list of iHub assets and resources;
- (h) A clearly articulated industry focus area of the iHub, including industry sectors or other targeted areas for development and growth;
- (i) A list of specific resources available to support and guide startup companies;
- (j) A five-year plan, which shall include a clearly articulated list of goals to be achieved with the designation of the iHub;
- (k) Defined performance standards agreed upon by the applicant and the proposed iHub partners, which may include expectations for job development and business creation;
- (l) Evaluation procedures that will be used to measure the level of achievement for each stated goal;
- (m) A plan for sustainability;
- (n) Demonstrated experience with innovation programs, such as involvement with technology commercialization;
- (o) Evidence of community engagement and support; and
- (p) An application fee of one thousand dollars. The director shall remit all application fees received under this section to the State Treasurer for credit to the Innovation Hub Cash Fund.

(2) The department shall establish a weighted scoring system to evaluate applications for iHub designations with priority given to start-up nonprofits and inland port authorities expressing new and innovative ideas. Such weighted scoring system shall consider, at a minimum:

- (a) Whether the iHub is committed to serving underrepresented communities in the proposed iHub area;
- (b) Whether the iHub has a plan for marketing and outreach to underrepresented communities in the proposed iHub area;
- (c) Whether the iHub has signed statements of cooperation with at least three proposed iHub partners; and
- (d) The quality of the iHub's five-year plan.

(3) The director shall determine whether or not to approve the requested iHub designation within forty-five days after receiving the application by no later than July 1, 2023. Each iHub designation shall be for a term of five years. An applicant that has received a grant under subdivision (4)(a) of section 81-12,241 shall not qualify for designation as an iHub.

(4) The iHub designation shall not be official until a memorandum of understanding is entered into by the applicant and the director. The memorandum of understanding shall include the goals and performance standards identified in the application and other related requirements as determined by the director.

(5) An iHub area may overlap with another iHub area if there is a clear distinction between the industry focus areas of the iHubs involved, except that no iHub located within a city of the metropolitan class shall be located within three miles of another iHub. This subsection does not apply to any inland port authority designated as an iHub.

(6) The department shall set guidelines for approval, designation, operation, and reporting of iHubs.

(7) An iHub shall annually report to the director on its progress in meeting the goals and performance standards as described in the iHub application and the implementing memorandum of understanding with the director. A copy of the report shall also be submitted electronically to the chairperson of the Urban Affairs Committee of the Legislature. The report shall also include information regarding the number of businesses served, the number of jobs created, and the amount of funds raised by the iHub. The director shall annually post the information from these reports on the department's website and provide notice to the Governor and the Legislature that the information is available on the website.

Sec. 19. Section 81-12,112, Revised Statutes Cumulative Supplement, 2022, is amended to read:

81-12,112 Before an official designation as an iHub, the applicant shall self-certify that the iHub and its iHub partners are current in the payment of all state and local taxes owed, except that this section does not apply as to the payment of state and local taxes by an applicant that is exempt from such payment pursuant to section 13-3309.

Sec. 20. Sections 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 15, and 21 of this act become operative on January 1, 2025. The other sections of this act become operative on their effective date.

Sec. 21. Original sections 13-201, 13-203, 13-204, 13-205, 13-206, 13-207, 13-208, and 81-1201.12, Reissue Revised Statutes of Nebraska, sections 77-908 and 77-3806, Revised Statutes Cumulative Supplement, 2022, and sections 77-2715.07 and 77-2734.03, Revised Statutes Supplement, 2023, are repealed.

Sec. 22. Original sections 81-12,108 and 81-12,112, Revised Statutes Cumulative Supplement, 2022, and sections 77-4403, 77-4404, 77-4405, 81-12,109, and 81-12,110, Revised Statutes Supplement, 2023, are repealed.