

LEGISLATURE OF NEBRASKA
ONE HUNDRED FOURTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 495

Introduced by Pansing Brooks, 28; Campbell, 25; Crawford, 45; Davis, 43;
Hansen, 26; Howard, 9; Mello, 5; Nordquist, 7.

Read first time January 20, 2015

Committee: Revenue

- 1 A BILL FOR AN ACT relating to revenue and taxation; to amend section
- 2 77-2715.07, Revised Statutes Cumulative Supplement, 2014; to
- 3 increase the earned income tax credit; and to repeal the original
- 4 section.
- 5 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 77-2715.07, Revised Statutes Cumulative
2 Supplement, 2014, is amended to read:

3 77-2715.07 (1) There shall be allowed to qualified resident
4 individuals as a nonrefundable credit against the income tax imposed by
5 the Nebraska Revenue Act of 1967:

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

8 (b) A credit for taxes paid to another state as provided in section
9 77-2730.

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

12 (a) For returns filed reporting federal adjusted gross incomes of
13 greater than twenty-nine thousand dollars, a nonrefundable credit equal
14 to twenty-five percent of the federal credit allowed under section 21 of
15 the Internal Revenue Code of 1986, as amended;

16 (b) For returns filed reporting federal adjusted gross income of
17 twenty-nine thousand dollars or less, a refundable credit equal to a
18 percentage of the federal credit allowable under section 21 of the
19 Internal Revenue Code of 1986, as amended, whether or not the federal
20 credit was limited by the federal tax liability. The percentage of the
21 federal credit shall be one hundred percent for incomes not greater than
22 twenty-two thousand dollars, and the percentage shall be reduced by ten
23 percent for each one thousand dollars, or fraction thereof, by which the
24 reported federal adjusted gross income exceeds twenty-two thousand
25 dollars;

26 (c) A refundable credit as provided in section 77-5209.01 for
27 individuals who qualify for an income tax credit as a qualified beginning
28 farmer or livestock producer under the Beginning Farmer Tax Credit Act
29 for all taxable years beginning or deemed to begin on or after January 1,
30 2006, under the Internal Revenue Code of 1986, as amended;

31 (d) A refundable credit for individuals who qualify for an income

1 tax credit under the Angel Investment Tax Credit Act, the Nebraska
2 Advantage Microenterprise Tax Credit Act, or the Nebraska Advantage
3 Research and Development Act; and

4 (e) A refundable credit equal to:

5 (i) Ten ~~ten~~ percent of the federal credit allowed under section 32
6 of the Internal Revenue Code of 1986, as amended, for taxable years
7 beginning or deemed to begin before January 1, 2016; -

8 (ii) Thirteen percent of the federal credit allowed under section 32
9 of the Internal Revenue Code of 1986, as amended, for taxable years
10 beginning or deemed to begin on or after January 1, 2016, and before
11 January 1, 2017; and

12 (iii) Fifteen percent of the federal credit allowed under section 32
13 of the Internal Revenue Code of 1986, as amended, for taxable years
14 beginning or deemed to begin on or after January 1, 2017.

15 (3) There shall be allowed to all individuals as a nonrefundable
16 credit against the income tax imposed by the Nebraska Revenue Act of
17 1967:

18 (a) A credit for personal exemptions allowed under section
19 77-2716.01;

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

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

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

31 (e) A credit as provided in the Nebraska Job Creation and Mainstreet

1 Revitalization Act.

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

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

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

9 (c) A refundable credit for individuals who qualify for an income
10 tax credit as an owner of agricultural assets under the Beginning Farmer
11 Tax Credit Act for all taxable years beginning or deemed to begin on or
12 after January 1, 2009, under the Internal Revenue Code of 1986, as
13 amended. The credit allowed for each partner, shareholder, member, or
14 beneficiary of a partnership, corporation, limited liability company, or
15 estate or trust qualifying for an income tax credit as an owner of
16 agricultural assets under the Beginning Farmer Tax Credit Act shall be
17 equal to the partner's, shareholder's, member's, or beneficiary's portion
18 of the amount of tax credit distributed pursuant to subsection (4) of
19 section 77-5211.

20 (5)(a) For all taxable years beginning on or after January 1, 2007,
21 and before January 1, 2009, under the Internal Revenue Code of 1986, as
22 amended, there shall be allowed to each partner, shareholder, member, or
23 beneficiary of a partnership, subchapter S corporation, limited liability
24 company, or estate or trust a nonrefundable credit against the income tax
25 imposed by the Nebraska Revenue Act of 1967 equal to fifty percent of the
26 partner's, shareholder's, member's, or beneficiary's portion of the
27 amount of franchise tax paid to the state under sections 77-3801 to
28 77-3807 by a financial institution.

29 (b) For all taxable years beginning on or after January 1, 2009,
30 under the Internal Revenue Code of 1986, as amended, there shall be
31 allowed to each partner, shareholder, member, or beneficiary of a

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

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

12 Sec. 2. Original section 77-2715.07, Revised Statutes Cumulative
13 Supplement, 2014, is repealed.