

LEGISLATURE OF NEBRASKA
ONE HUNDRED FOURTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 69

Introduced by Schumacher, 22.

Read first time January 08, 2015

Committee:

- 1 A BILL FOR AN ACT relating to revenue and taxation; to amend sections
- 2 77-2715.07 and 77-2734.03, Revised Statutes Cumulative Supplement,
- 3 2014; to provide an income tax credit for corporate income taxes
- 4 paid as prescribed; to harmonize provisions; to provide an operative
- 5 date; and to repeal the original sections.
- 6 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 ten percent of the federal credit
5 allowed under section 32 of the Internal Revenue Code of 1986, as
6 amended.

7 (3) There shall be allowed to all individuals as a nonrefundable
8 credit against the income tax imposed by the Nebraska Revenue Act of
9 1967:

10 (a) A credit for personal exemptions allowed under section
11 77-2716.01;

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

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

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

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

25 (f) A credit for being a shareholder or an employee of a corporate
26 taxpayer as provided in subsection (8) of section 77-2734.03.

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

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

31 (b) A credit to all estates and trusts for contributions to

1 certified community betterment programs as provided in the Community
2 Development Assistance Act; and

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

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

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

31 (c) Each partner, shareholder, member, or beneficiary shall report

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

6 Sec. 2. Section 77-2734.03, Revised Statutes Cumulative Supplement,
7 2014, is amended to read:

8 77-2734.03 (1)(a) For taxable years commencing prior to January 1,
9 1997, any (i) insurer paying a tax on premiums and assessments pursuant
10 to section 77-908 or 81-523, (ii) electric cooperative organized under
11 the Joint Public Power Authority Act, or (iii) credit union shall be
12 credited, in the computation of the tax due under the Nebraska Revenue
13 Act of 1967, with the amount paid during the taxable year as taxes on
14 such premiums and assessments and taxes in lieu of intangible tax.

15 (b) For taxable years commencing on or after January 1, 1997, any
16 insurer paying a tax on premiums and assessments pursuant to section
17 77-908 or 81-523, any electric cooperative organized under the Joint
18 Public Power Authority Act, or any credit union shall be credited, in the
19 computation of the tax due under the Nebraska Revenue Act of 1967, with
20 the amount paid during the taxable year as (i) taxes on such premiums and
21 assessments included as Nebraska premiums and assessments under section
22 77-2734.05 and (ii) taxes in lieu of intangible tax.

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

30 (2) There shall be allowed to corporate taxpayers a tax credit for
31 contributions to community betterment programs as provided in the

1 Community Development Assistance Act.

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

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

10 (5) There shall be allowed to corporate taxpayers refundable income
11 tax credits under the Nebraska Advantage Microenterprise Tax Credit Act
12 and the Nebraska Advantage Research and Development Act.

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

16 (7) There shall be allowed to corporate taxpayers a nonrefundable
17 income tax credit as provided in the Nebraska Job Creation and Mainstreet
18 Revitalization Act and the New Markets Job Growth Investment Act.

19 (8)(a) There shall be allowed to corporate taxpayers a nonrefundable
20 income tax credit in an amount equal to one hundred percent of the
21 corporate income taxes paid pursuant to section 77-2734.02 by such
22 corporate taxpayer in the current taxable year. The corporate taxpayer
23 shall not be entitled to use the credit for its own income tax liability,
24 but shall instead distribute the credit as follows:

25 (i) One-half of the credit shall be distributed to all shareholders
26 of the corporate taxpayer who are natural persons. The corporate taxpayer
27 shall distribute the credit to such shareholders in the same manner as
28 dividends are distributed. Each such shareholder may use the credit as a
29 nonrefundable credit against his or her Nebraska income tax liability;
30 and

31 (ii) One-half of the credit shall be distributed to all employees of

1 the corporate taxpayer. The amount distributed to each employee shall be
2 calculated by taking the total amount available for distribution under
3 this subdivision and multiplying such amount by a ratio, the numerator of
4 which is the amount of such employee's wages subject to withholding for
5 federal social security tax and the denominator of which is the amount of
6 all employees' wages subject to withholding for federal social security
7 tax. Each such employee may use the credit as a nonrefundable credit
8 against his or her Nebraska income tax liability.

9 **(b)** Each corporate taxpayer distributing credits pursuant to this
10 subsection shall report to the Department of Revenue, on a form
11 prescribed by the department, the shareholders and employees receiving
12 credits and the amount of credits each shareholder or employee received.

13 **(c)** Any corporate taxpayer receiving tax credits or other incentives
14 under the Angel Investment Tax Credit Act, the Beginning Farmer Tax
15 Credit Act, the Nebraska Advantage Act, the Nebraska Advantage
16 Microenterprise Tax Credit Act, the Nebraska Advantage Research and
17 Development Act, the Nebraska Advantage Rural Development Act, the
18 Nebraska Job Creation and Mainstreet Revitalization Act, or the New
19 Markets Job Growth Investment Act shall be ineligible for the credit
20 provided in this subsection.

21 Sec. 3. This act becomes operative for all taxable years beginning
22 or deemed to begin on or after January 1, 2016, under the Internal
23 Revenue Code of 1986, as amended.

24 Sec. 4. Original sections 77-2715.07 and 77-2734.03, Revised
25 Statutes Cumulative Supplement, 2014, are repealed.