

LEGISLATURE OF NEBRASKA  
ONE HUNDREDTH LEGISLATURE  
FIRST SESSION  
**LEGISLATIVE BILL 557**

Introduced by Ashford, 20

Read first time January 17, 2007

Committee: Revenue

A BILL

1 FOR AN ACT relating to revenue and taxation; to amend section  
2 77-2715.07, Revised Statutes Cumulative Supplement, 2006;  
3 to create the Tutoring and Summer School Fund; to provide  
4 for grants; to create an income tax credit; to provide an  
5 operative date; and to repeal the original section.  
6 Be it enacted by the people of the State of Nebraska,

1           Section 1. (1) The Tutoring and Summer School Fund is  
2 created. Money in the fund shall be used to provide grants to  
3 eligible students for costs relating to tutoring and summer school  
4 at an accredited school. A grant shall not exceed one thousand  
5 dollars. The State Department of Education shall distribute all  
6 money in the fund periodically in the form of grants to eligible  
7 students as determined by the department. The department may accept  
8 donations to the fund which shall qualify for the tax credit  
9 provided in section 77-2715.07. Any money in the fund available  
10 for investment shall be invested by the state investment officer  
11 pursuant to the Nebraska Capital Expansion Act and the Nebraska  
12 State Funds Investment Act. Any money left in the fund on December  
13 31 of any year shall be distributed in the following year.

14           (2) For purposes of this section, eligible student means  
15 any student attending school in this state who is in grades  
16 kindergarten through grade eight and who qualifies for free lunch  
17 or reduced-price lunch.

18           Sec. 2. Section 77-2715.07, Revised Statutes Cumulative  
19 Supplement, 2006, is amended to read:

20           77-2715.07 (1) There shall be allowed to qualified  
21 resident individuals as a nonrefundable credit against the income  
22 tax imposed by the Nebraska Revenue Act of 1967:

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

25           (b) A credit for taxes paid to another state as provided

1 in section 77-2730.

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

5 (a) For returns filed reporting federal adjusted  
6 gross incomes of greater than twenty-nine thousand dollars, a  
7 nonrefundable credit equal to twenty-five percent of the federal  
8 credit allowed under section 21 of the Internal Revenue Code of  
9 1986, as amended;

10 (b) For returns filed reporting federal adjusted gross  
11 income of twenty-nine thousand dollars or less, a refundable credit  
12 equal to a percentage of the federal credit allowable under section  
13 21 of the Internal Revenue Code of 1986, as amended, whether or  
14 not the federal credit was limited by the federal tax liability.  
15 The percentage of the federal credit shall be one hundred percent  
16 for incomes not greater than twenty-two thousand dollars, and  
17 the percentage shall be reduced by ten percent for each one  
18 thousand dollars, or fraction thereof, by which the reported  
19 federal adjusted gross income exceeds twenty-two thousand dollars;

20 (c) A refundable credit for individuals who qualify for  
21 an income tax credit as an owner of agricultural assets under the  
22 Beginning Farmer Tax Credit Act for all taxable years beginning or  
23 deemed to begin on or after January 1, 2001, under the Internal  
24 Revenue Code of 1986, as amended; and a refundable credit as  
25 provided in section 77-5209.01 for individuals who qualify for an

1 income tax credit as a qualified beginning farmer or livestock  
2 producer under the Beginning Farmer Tax Credit Act for all taxable  
3 years beginning or deemed to begin on or after January 1, 2006,  
4 under the Internal Revenue Code of 1986, as amended;

5 (d) A refundable credit for individuals who qualify for  
6 an income tax credit under the Nebraska Advantage Microenterprise  
7 Tax Credit Act or the Nebraska Advantage Research and Development  
8 Act; and

9 (e) A refundable credit equal to eight percent of the  
10 federal credit allowed under section 32 of the Internal Revenue  
11 Code of 1986, as amended.

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

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

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

25 (4) There shall be allowed as a credit against the income

1 tax imposed by the Nebraska Revenue Act of 1967:

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

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

7 (5) There shall be allowed to all business firms as a  
8 credit against the income tax imposed by the Nebraska Revenue Act  
9 of 1967 a credit as provided in section 77-27,222.

10 (6) There shall be allowed as a credit against the income  
11 tax imposed by the Nebraska Revenue Act of 1967 a credit equal to  
12 XXX percent of the taxpayer's donations to the Tutoring and Summer  
13 School Fund.

14 Sec. 3. This act becomes operative for taxable years  
15 beginning or deemed to begin on or after January 1, 2007, under the  
16 Internal Revenue Code of 1986, as amended.

17 Sec. 4. Original section 77-2715.07, Revised Statutes  
18 Cumulative Supplement, 2006, is repealed.