

LEGISLATURE OF NEBRASKA  
ONE HUNDRED THIRD LEGISLATURE  
SECOND SESSION

**LEGISLATIVE BILL 995**

Introduced by Hadley, 37; Bolz, 29; Campbell, 25; Harms, 48; Harr,  
8; Mello, 5; Nordquist, 7; Schilz, 47; Schumacher, 22;  
Sullivan, 41.

Read first time January 21, 2014

Committee: Revenue

A BILL

1 FOR AN ACT relating to revenue and taxation; to amend sections  
2 77-2701 and 77-2715.07, Revised Statutes Cumulative  
3 Supplement, 2012, and section 49-801.01, Revised Statutes  
4 Supplement, 2013; to provide an income tax credit for  
5 state and local taxes paid as prescribed; to harmonize  
6 provisions; and to repeal the original sections.

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

1                   Section 1. Section 49-801.01, Revised Statutes  
2 Supplement, 2013, is amended to read:

3                   49-801.01 Except as provided by Article VIII, section 1B,  
4 of the Constitution of Nebraska and in sections 77-1106, 77-1108,  
5 77-1109, 77-1117, 77-1119, 77-2701.01, 77-2714 to 77-27,123,  
6 77-27,191, 77-4103, 77-4104, 77-4108, 77-5509, 77-5515, 77-5527 to  
7 77-5529, 77-5539, 77-5717 to 77-5719, 77-5728, 77-5802, 77-5803,  
8 77-5806, 77-5903, 77-6302, and 77-6306 and section 3 of this act, any  
9 reference to the Internal Revenue Code refers to the Internal Revenue  
10 Code of 1986 as it exists on March 8, 2013.

11                   Sec. 2. Section 77-2701, Revised Statutes Cumulative  
12 Supplement, 2012, is amended to read:

13                   77-2701 Sections 77-2701 to 77-27,135.01 and 77-27,228 to  
14 77-27,236 and section 3 of this act shall be known and may be cited  
15 as the Nebraska Revenue Act of 1967.

16                   Sec. 3. (1) For taxable years beginning or deemed to  
17 begin on or after January 1, 2015, any resident of this state who  
18 files an individual income tax return and who is not a dependent of  
19 another individual may claim a refundable income tax credit for a  
20 portion of state and local taxes to which the resident has been  
21 subject during the taxable year for which the return is filed. The  
22 credit may be claimed even though the resident has no income taxable  
23 under the Nebraska Revenue Act of 1967. A husband and wife who file  
24 separate returns for a taxable year in which they could have filed a  
25 joint return may each claim only one-half of the credit that would

1 have been allowed on a joint return.

2 (2) No claim for the credit provided in this section  
3 shall be filed by an individual who was not physically present in  
4 this state for at least six months during the taxable year for which  
5 the credit could be claimed or by a resident who was an inmate of a  
6 public institution for more than six months during the taxable year  
7 for which the credit could be claimed.

8 (3) For purposes of this section, the total number of  
9 exemptions for which a credit may be claimed or allowed is determined  
10 by adding the number of federal exemptions allowable for federal  
11 income tax purposes for each individual included in the return who is  
12 domiciled in this state plus two additional exemptions for each  
13 individual domiciled in this state included in the return who is  
14 sixty-five years of age or older plus one additional exemption for  
15 each individual domiciled in this state included in the return who,  
16 for federal income tax purposes, is blind, up to a maximum of four  
17 exemptions.

18 (4) The credit provided for in this section may be  
19 claimed in the amount shown in the following table:

20	<u>Federal</u>					
21	<u>Adjusted</u>					
22	<u>Gross</u>					
23	<u>Income Is</u>	<u>But Not</u>	<u>Total Number of Exemptions</u>			
24	<u>Over</u>	<u>Over</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>

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1	<u>\$0</u>	<u>\$10,500</u>	<u>\$310</u>	<u>\$320</u>	<u>\$330</u>	<u>\$340</u>
2	<u>\$10,500</u>	<u>\$11,000</u>	<u>\$300</u>	<u>\$310</u>	<u>\$320</u>	<u>\$330</u>
3	<u>\$11,000</u>	<u>\$11,500</u>	<u>\$290</u>	<u>\$300</u>	<u>\$310</u>	<u>\$320</u>
4	<u>\$11,500</u>	<u>\$12,000</u>	<u>\$280</u>	<u>\$290</u>	<u>\$300</u>	<u>\$310</u>
5	<u>\$12,000</u>	<u>\$12,500</u>	<u>\$270</u>	<u>\$280</u>	<u>\$290</u>	<u>\$300</u>
6	<u>\$12,500</u>	<u>\$13,000</u>	<u>\$260</u>	<u>\$270</u>	<u>\$280</u>	<u>\$290</u>
7	<u>\$13,000</u>	<u>\$13,500</u>	<u>\$250</u>	<u>\$260</u>	<u>\$270</u>	<u>\$280</u>
8	<u>\$13,500</u>	<u>\$14,000</u>	<u>\$240</u>	<u>\$250</u>	<u>\$260</u>	<u>\$270</u>
9	<u>\$14,000</u>	<u>\$14,500</u>	<u>\$230</u>	<u>\$240</u>	<u>\$250</u>	<u>\$260</u>
10	<u>\$14,500</u>	<u>\$15,000</u>	<u>\$220</u>	<u>\$230</u>	<u>\$240</u>	<u>\$250</u>
11	<u>\$15,000</u>	<u>\$15,500</u>	<u>\$210</u>	<u>\$220</u>	<u>\$230</u>	<u>\$240</u>
12	<u>\$15,500</u>	<u>\$16,000</u>	<u>\$200</u>	<u>\$210</u>	<u>\$220</u>	<u>\$230</u>
13	<u>\$16,000</u>	<u>\$16,500</u>	<u>\$190</u>	<u>\$200</u>	<u>\$210</u>	<u>\$220</u>
14	<u>\$16,500</u>	<u>\$17,000</u>	<u>\$180</u>	<u>\$190</u>	<u>\$200</u>	<u>\$210</u>
15	<u>\$17,000</u>	<u>\$17,500</u>	<u>\$170</u>	<u>\$180</u>	<u>\$190</u>	<u>\$200</u>
16	<u>\$17,500</u>	<u>\$18,000</u>	<u>\$160</u>	<u>\$170</u>	<u>\$180</u>	<u>\$190</u>
17	<u>\$18,000</u>	<u>\$18,500</u>	<u>\$150</u>	<u>\$160</u>	<u>\$170</u>	<u>\$180</u>
18	<u>\$18,500</u>	<u>\$19,000</u>	<u>\$140</u>	<u>\$150</u>	<u>\$160</u>	<u>\$170</u>
19	<u>\$19,000</u>	<u>\$19,500</u>	<u>\$130</u>	<u>\$140</u>	<u>\$150</u>	<u>\$160</u>
20	<u>\$19,500</u>	<u>\$20,000</u>	<u>\$120</u>	<u>\$130</u>	<u>\$140</u>	<u>\$150</u>
21	<u>\$20,000</u>	<u>\$20,500</u>	<u>\$110</u>	<u>\$120</u>	<u>\$130</u>	<u>\$140</u>

1	<u>\$20,500</u>	<u>\$21,000</u>	<u>\$100</u>	<u>\$110</u>	<u>\$120</u>	<u>\$130</u>
2	<u>\$21,000</u>	<u>\$21,500</u>	<u>\$90</u>	<u>\$100</u>	<u>\$110</u>	<u>\$120</u>
3	<u>\$21,500</u>	<u>\$22,000</u>	<u>\$80</u>	<u>\$90</u>	<u>\$100</u>	<u>\$110</u>
4	<u>\$22,000</u>	<u>\$22,500</u>	<u>\$70</u>	<u>\$80</u>	<u>\$90</u>	<u>\$100</u>
5	<u>\$22,500</u>	<u>\$23,000</u>	<u>\$60</u>	<u>\$70</u>	<u>\$80</u>	<u>\$90</u>
6	<u>\$23,000</u>	<u>\$23,500</u>	<u>\$50</u>	<u>\$60</u>	<u>\$70</u>	<u>\$80</u>
7	<u>\$23,500</u>	<u>\$24,000</u>	<u>\$40</u>	<u>\$50</u>	<u>\$60</u>	<u>\$70</u>
8	<u>\$24,000</u>	<u>\$24,500</u>	<u>\$30</u>	<u>\$40</u>	<u>\$50</u>	<u>\$60</u>
9	<u>\$24,500</u>	<u>\$25,000</u>	<u>\$20</u>	<u>\$30</u>	<u>\$40</u>	<u>\$50</u>
10	<u>\$25,000</u>	<u>\$25,500</u>	<u>\$10</u>	<u>\$20</u>	<u>\$30</u>	<u>\$40</u>

11           (5) If a taxpayer's federal adjusted gross income is  
 12 zero, the taxpayer may claim a credit in the amount shown in the  
 13 first row of the table appropriate for the taxpayer's number of  
 14 exemptions.

15           (6) The credit provided for in this section may be  
 16 deducted from the taxpayer's income tax liability for the taxable  
 17 year. If the credit exceeds the taxpayer's income tax liability, the  
 18 excess shall be refunded to the taxpayer.

19           (7) For taxable years beginning or deemed to begin on or  
 20 after January 1, 2016, the income eligibility amounts in the table  
 21 provided in subsection (4) of this section shall be adjusted for  
 22 inflation by the method provided in section 151 of the Internal  
 23 Revenue Code of 1986, as amended. The income eligibility amounts  
 24 shall be adjusted for cumulative inflation since 2015. If any amount

1 is not a multiple of one hundred dollars, the amount shall be rounded  
2 to the next lower multiple of one hundred dollars.

3 (8) For purposes of this section, dependent means  
4 dependent as defined by section 152 of the Internal Revenue Code of  
5 1986, as amended.

6 Sec. 4. Section 77-2715.07, Revised Statutes Cumulative  
7 Supplement, 2012, is amended to read:

8 77-2715.07 (1) There shall be allowed to qualified  
9 resident individuals as a nonrefundable credit against the income tax  
10 imposed by the Nebraska Revenue Act of 1967:

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

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

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

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

22 (b) For returns filed reporting federal adjusted gross  
23 income of twenty-nine thousand dollars or less, a refundable credit  
24 equal to a percentage of the federal credit allowable under section  
25 21 of the Internal Revenue Code of 1986, as amended, whether or not

1 the federal credit was limited by the federal tax liability. The  
2 percentage of the federal credit shall be one hundred percent for  
3 incomes not greater than twenty-two thousand dollars, and the  
4 percentage shall be reduced by ten percent for each one thousand  
5 dollars, or fraction thereof, by which the reported federal adjusted  
6 gross income exceeds twenty-two thousand dollars;

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

13 (d) A refundable credit for individuals who qualify for  
14 an income tax credit under the Angel Investment Tax Credit Act, the  
15 Nebraska Advantage Microenterprise Tax Credit Act, or the Nebraska  
16 Advantage Research and Development Act; ~~and~~

17 (e) A refundable credit equal to ten percent of the  
18 federal credit allowed under section 32 of the Internal Revenue Code  
19 of 1986, as amended; and -

20 (f) A refundable credit for individuals who qualify for  
21 an income tax credit under section 3 of this act.

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

25 (a) A credit for personal exemptions allowed under

1 section 77-2716.01;

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

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

12 (d) A credit as provided in the New Markets Job Growth  
13 Investment Act.

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

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

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

21 (c) A refundable credit for individuals who qualify for  
22 an income tax credit as an owner of agricultural assets under the  
23 Beginning Farmer Tax Credit Act for all taxable years beginning or  
24 deemed to begin on or after January 1, 2009, under the Internal  
25 Revenue Code of 1986, as amended. The credit allowed for each



1 partner, shareholder, member, or beneficiary of a partnership,  
2 corporation, limited liability company, or estate or trust qualifying  
3 for an income tax credit as an owner of agricultural assets under the  
4 Beginning Farmer Tax Credit Act shall be equal to the partner's,  
5 shareholder's, member's, or beneficiary's portion of the amount of  
6 tax credit distributed pursuant to subsection (4) of section 77-5211.

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

17           (b) For all taxable years beginning on or after January  
18 1, 2009, under the Internal Revenue Code of 1986, as amended, there  
19 shall be allowed to each partner, shareholder, member, or beneficiary  
20 of a partnership, subchapter S corporation, limited liability  
21 company, or estate or trust a nonrefundable credit against the income  
22 tax imposed by the Nebraska Revenue Act of 1967 equal to the  
23 partner's, shareholder's, member's, or beneficiary's portion of the  
24 amount of franchise tax paid to the state under sections 77-3801 to  
25 77-3807 by a financial institution.

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

8                   Sec. 5. Original sections 77-2701 and 77-2715.07, Revised  
9 Statutes Cumulative Supplement, 2012, and section 49-801.01, Revised  
10 Statutes Supplement, 2013, are repealed.