

LEGISLATURE OF NEBRASKA  
ONE HUNDRED FOURTH LEGISLATURE  
FIRST SESSION

**LEGISLATIVE BILL 76**

Introduced by Schumacher, 22.

Read first time January 08, 2015

Committee: Revenue

1 A BILL FOR AN ACT relating to revenue and taxation; to amend section  
2 77-3504, Reissue Revised Statutes of Nebraska, and section  
3 77-2715.07, Revised Statutes Cumulative Supplement, 2014; to change  
4 provisions relating to the earned income tax credit; to redefine  
5 household income for purposes of the homestead exemption; to provide  
6 an operative date; and to repeal the original sections.

7 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, except that for taxable years beginning or deemed to begin on or  
7 after January 1, 2016, such refundable credit shall be allowed only if  
8 the individual would have received the federal credit allowed under  
9 section 32 of the code after adding back in any carryforward of a net  
10 operating loss that was deducted pursuant to such section in determining  
11 eligibility for the federal credit.

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

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

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

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

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

28 (e) A credit as provided in the Nebraska Job Creation and Mainstreet  
29 Revitalization Act.

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

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

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

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

17 (5)(a) For all taxable years beginning on or after January 1, 2007,  
18 and before January 1, 2009, under the Internal Revenue Code of 1986, as  
19 amended, there shall be allowed to each partner, shareholder, member, or  
20 beneficiary of a partnership, subchapter S corporation, limited liability  
21 company, or estate or trust a nonrefundable credit against the income tax  
22 imposed by the Nebraska Revenue Act of 1967 equal to fifty percent of 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.

26 (b) For all taxable years beginning on or after January 1, 2009,  
27 under the Internal Revenue Code of 1986, as amended, there shall be  
28 allowed to each partner, shareholder, member, or beneficiary of a  
29 partnership, subchapter S corporation, limited liability company, or  
30 estate or trust a nonrefundable credit against the income tax imposed by  
31 the Nebraska Revenue Act of 1967 equal to the partner's, shareholder's,

1 member's, or beneficiary's portion of the amount of franchise tax paid to  
2 the state under sections 77-3801 to 77-3807 by a financial institution.

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

9 Sec. 2. Section 77-3504, Reissue Revised Statutes of Nebraska, is  
10 amended to read:

11 77-3504 Household income means the total federal adjusted gross  
12 income, as defined in the Internal Revenue Code, plus (1) any Nebraska  
13 adjustments increasing the total federal adjusted gross income, (2) any  
14 interest or dividends received by the owner regarding obligations of the  
15 State of Nebraska or any political subdivision, authority, commission, or  
16 instrumentality thereof to the extent excluded in the computation of  
17 gross income for federal income tax purposes, ~~and~~ (3) any social security  
18 or railroad retirement benefit to the extent excluded in the computation  
19 of gross income for federal income tax purposes, and (4) any carryforward  
20 of a net operating loss to the extent deducted for federal income tax  
21 purposes, of the claimant and spouse, and any additional owners who are  
22 natural persons and who occupy the homestead, for the taxable year of the  
23 claimant immediately prior to the year for which the claim for exemption  
24 is made, less all medical expenses actually incurred and paid by the  
25 claimant, his or her spouse, or any owner-occupant which are in excess of  
26 four percent of household income calculated prior to the deduction for  
27 medical expenses. For purposes of this section, medical expenses means  
28 the costs of health insurance premiums and the costs of goods and  
29 services purchased from a person licensed under the Uniform Credentialing  
30 Act or a health care facility or health care service licensed under the  
31 Health Care Facility Licensure Act for purposes of restoring or

1 maintaining health, including insulin and prescription medicine, but not  
2 including nonprescription medicine.

3       Sec. 3. This act becomes operative on January 1, 2016.

4       Sec. 4. Original section 77-3504, Reissue Revised Statutes of  
5 Nebraska, and section 77-2715.07, Revised Statutes Cumulative Supplement,  
6 2014, are repealed.