

LEGISLATURE OF NEBRASKA  
ONE HUNDRED SIXTH LEGISLATURE  
FIRST SESSION

**LEGISLATIVE BILL 628**

Introduced by Pansing Brooks, 28.

Read first time January 23, 2019

Committee: Revenue

- 1 A BILL FOR AN ACT relating to revenue and taxation; to amend section
- 2 77-2715.07, Reissue Revised Statutes of Nebraska; to increase the
- 3 earned income tax credit as prescribed; 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, Reissue Revised Statutes of Nebraska,  
2 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, except that for taxable  
16 years beginning or deemed to begin on or after January 1, 2015, such  
17 nonrefundable credit shall be allowed only if the individual would have  
18 received the federal credit allowed under section 21 of the code after  
19 adding back in any carryforward of a net operating loss that was deducted  
20 pursuant to such section in determining eligibility for the federal  
21 credit;

22 (b) For returns filed reporting federal adjusted gross income of  
23 twenty-nine thousand dollars or less, a refundable credit equal to a  
24 percentage of the federal credit allowable under section 21 of the  
25 Internal Revenue Code of 1986, as amended, whether or not the federal  
26 credit was limited by the federal tax liability. The percentage of the  
27 federal credit shall be one hundred percent for incomes not greater than  
28 twenty-two thousand dollars, and the percentage shall be reduced by ten  
29 percent for each one thousand dollars, or fraction thereof, by which the  
30 reported federal adjusted gross income exceeds twenty-two thousand  
31 dollars, except that for taxable years beginning or deemed to begin on or

1 after January 1, 2015, such refundable credit shall be allowed only if  
2 the individual would have received the federal credit allowed under  
3 section 21 of the code after adding back in any carryforward of a net  
4 operating loss that was deducted pursuant to such section in determining  
5 eligibility for the federal credit;

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

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

16 (e)(i) ~~(e)~~ A refundable credit equal to:

17 (A) Ten ~~ten~~ percent of the federal credit allowed under section 32  
18 of the Internal Revenue Code of 1986, as amended, for taxable years  
19 beginning or deemed to begin before January 1, 2020;

20 (B) Thirteen percent of the federal credit allowed under section 32  
21 of the Internal Revenue Code of 1986, as amended, for taxable years  
22 beginning or deemed to begin on or after January 1, 2020, and before  
23 January 1, 2021;

24 (C) Seventeen percent of the federal credit allowed under section 32  
25 of the Internal Revenue Code of 1986, as amended, for taxable years  
26 beginning or deemed to begin on or after January 1, 2021, and before  
27 January 1, 2022; and

28 (D) Twenty percent of the federal credit allowed under section 32 of  
29 the Internal Revenue Code of 1986, as amended, for taxable years  
30 beginning or deemed to begin on or after January 1, 2022.

31 (ii) For ~~except that for~~ taxable years beginning or deemed to begin

1 on or after January 1, 2015, ~~the such~~ refundable credit provided in  
2 subdivision (2)(e)(i) of this section shall be allowed only if the  
3 individual would have received the federal credit allowed under section  
4 32 of the code after adding back in any carryforward of a net operating  
5 loss that was deducted pursuant to such section in determining  
6 eligibility for the federal credit.

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;

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

25 (f) A credit to employers as provided in section 77-27,238; and

26 (g) A credit as provided in the Affordable Housing Tax Credit Act.

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 (6) There shall be allowed to all individuals nonrefundable credits  
7 against the income tax imposed by the Nebraska Revenue Act of 1967 as  
8 provided in section 77-3604 and refundable credits against the income tax  
9 imposed by the Nebraska Revenue Act of 1967 as provided in section  
10 77-3605.

11 Sec. 2. Original section 77-2715.07, Reissue Revised Statutes of  
12 Nebraska, is repealed.