

LEGISLATURE OF NEBRASKA
ONE HUNDREDTH LEGISLATURE
FIRST SESSION
LEGISLATIVE BILL 431

Introduced by Friend, 10

Read first time January 16, 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 provide an income tax credit for certain educational
4 expenses; to provide an operative date; and to repeal the
5 original section.
6 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 77-2715.07, Revised Statutes
2 Cumulative Supplement, 2006, is amended to read:

3 77-2715.07 (1) There shall be allowed to qualified
4 resident individuals as a nonrefundable credit against the income
5 tax imposed by the Nebraska Revenue Act of 1967:

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

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

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

13 (a) For returns filed reporting federal adjusted
14 gross incomes of greater than twenty-nine thousand dollars, a
15 nonrefundable credit equal to twenty-five percent of the federal
16 credit allowed under section 21 of the Internal Revenue Code of
17 1986, as amended;

18 (b) For returns filed reporting federal adjusted gross
19 income of twenty-nine thousand dollars or less, a refundable credit
20 equal to a percentage of the federal credit allowable under section
21 21 of the Internal Revenue Code of 1986, as amended, whether or
22 not the federal credit was limited by the federal tax liability.
23 The percentage of the federal credit shall be one hundred percent
24 for incomes not greater than twenty-two thousand dollars, and
25 the percentage shall be reduced by ten percent for each one

1 thousand dollars, or fraction thereof, by which the reported
2 federal adjusted gross income exceeds twenty-two thousand dollars;

3 (c) A refundable credit for individuals who qualify for
4 an income tax credit as an owner of agricultural assets under the
5 Beginning Farmer Tax Credit Act for all taxable years beginning or
6 deemed to begin on or after January 1, 2001, under the Internal
7 Revenue Code of 1986, as amended; and a refundable credit as
8 provided in section 77-5209.01 for individuals who qualify for an
9 income tax credit as a qualified beginning farmer or livestock
10 producer under the Beginning Farmer Tax Credit Act for all taxable
11 years beginning or deemed to begin on or after January 1, 2006,
12 under the Internal Revenue Code of 1986, as amended;

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

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

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

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

25 (b) A credit for contributions to certified community

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

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

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

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

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

18 (6) (a) There shall be allowed to all resident individuals
19 a refundable credit against the income tax imposed by the Nebraska
20 Revenue Act of 1967 equal to ten percent of the actual amount
21 paid to others for tuition, fees, textbooks, and transportation
22 for each dependent attending a public or nonpublic elementary or
23 secondary school. The maximum tax credit allowed pursuant to this
24 subsection shall be two hundred fifty dollars for each dependent in
25 grades kindergarten through six and five hundred dollars for each

1 dependent in grades seven through twelve. The credit shall not be
2 allowed unless the school is located in this state, is nonprofit,
3 does not discriminate on the basis of race, color, or national
4 origin, does not permit the infliction of corporal punishment, and
5 fulfills the school term requirements prescribed in section 79-211.

6 (b) For purposes of this subsection:

7 (i) Dependent means a person for whom the individual
8 claims a dependency exemption on his or her federal income tax
9 return;

10 (ii) Fees means fixed charges incurred as costs for
11 school-sponsored education and education enrichment activities that
12 require enrolled students to pay a fee to the school in order
13 to participate in such activity. Fees includes money charged
14 for driver's education; school, band, physical education, and
15 sports uniforms; scientific equipment; computer and language lab
16 participation; registration, graduation, and any other specific
17 part of an elementary or secondary instructional program;

18 (iii) Textbooks means books and instructional materials
19 used in teaching the elementary or secondary instructional program
20 prescribed by the rules and regulations of the State Board of
21 Education. Textbooks does not include books and instructional
22 materials used in the teaching of religious tenets, doctrines, or
23 worship;

24 (iv) Transportation means all school-related
25 transportation, but does not include transportation to and from

1 extracurricular activities; and

2 (v) Tuition means any amount charged for the opportunity
3 to be enrolled in an instructional program by a public or nonpublic
4 elementary or secondary school which meets the requirements for
5 legal operation prescribed in Chapter 79.

6 Sec. 2. This act is operative for all taxable years
7 beginning or deemed to begin on or after January 1, 2007, under the
8 Internal Revenue Code of 1986, as amended.

9 Sec. 3. Original section 77-2715.07, Revised Statutes
10 Cumulative Supplement, 2006, is repealed.