

LEGISLATURE OF NEBRASKA
ONE HUNDREDTH LEGISLATURE
SECOND SESSION

LEGISLATIVE BILL 974

Introduced by Gay, 14.

Read first time January 15, 2008

Committee: Revenue

A BILL

1 FOR AN ACT relating to revenue and taxation; to amend sections
2 77-2715.07 and 77-2734.03, Revised Statutes Supplement,
3 2007; to provide an income tax credit for health
4 insurance or care expenses of certain employers; and
5 to repeal the original sections.
6 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 77-2715.07, Revised Statutes
2 Supplement, 2007, 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 ten 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;

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; and

8 (c) A credit for investment in a biodiesel facility as
9 provided in section 77-27,236.

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

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

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

17 (5)(a) For all taxable years beginning on or after
18 January 1, 2007, and before January 1, 2009, under the Internal
19 Revenue Code of 1986, as amended, there shall be allowed to each
20 partner, shareholder, member, or beneficiary of a partnership,
21 subchapter S corporation, limited liability company, or estate or
22 trust a nonrefundable credit against the income tax imposed by
23 the Nebraska Revenue Act of 1967 equal to fifty percent of the
24 partner's, shareholder's, member's, or beneficiary's portion of the
25 amount of franchise tax paid to the state under sections 77-3801 to

1 77-3807 by a financial institution.

2 (b) For all taxable years beginning on or after January
3 1, 2009, under the Internal Revenue Code of 1986, as amended,
4 there shall be allowed to each partner, shareholder, member, or
5 beneficiary of a partnership, subchapter S corporation, limited
6 liability company, or estate or trust a nonrefundable credit
7 against the income tax imposed by the Nebraska Revenue Act of 1967
8 equal to the partner's, shareholder's, member's, or beneficiary's
9 portion of the amount of franchise tax paid to the state under
10 sections 77-3801 to 77-3807 by a financial institution.

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

18 (6) For taxable years beginning on or after January 1,
19 2009, and before January 1, 2012, under the Internal Revenue Code
20 of 1986, as amended, there shall be allowed to resident individuals
21 employing twenty-five or fewer employees in this state, as a
22 nonrefundable credit against the income tax imposed by the Nebraska
23 Revenue Act of 1967, a credit equal to twenty-five percent of
24 the amounts paid by the taxpayer to provide health insurance or
25 care to employees if the taxpayer has not contributed within the

1 preceding two calendar years to any health insurance premium on
2 behalf of an employee, unless such contribution was made solely for
3 the benefit of the taxpayer or the taxpayer's dependents. If the
4 credit allowed by this subsection is claimed, the amount of any
5 deduction allowable under the act for expenses described in this
6 subsection shall be reduced by the dollar amount of the credit. An
7 expenditure for employee health insurance or care by a partnership,
8 a subchapter S corporation, a limited liability company that
9 for tax purposes is treated like a partnership, a cooperative,
10 including a cooperative exempt under section 521 of the Internal
11 Revenue Code of 1986, as amended, or any other pass-through entity
12 qualifies for the credit provided in this subsection. The amount
13 of the credit shall be allowed to the partners, members, or other
14 owners in proportion to their respective ownership interests in the
15 pass-through entity.

16 Sec. 2. Section 77-2734.03, Revised Statutes Supplement,
17 2007, is amended to read:

18 77-2734.03 (1) (a) For taxable years commencing prior to
19 January 1, 1997, any (i) insurer paying a tax on premiums and
20 assessments pursuant to section 77-908 or 81-523, (ii) electric
21 cooperative organized under the Joint Public Power Authority Act,
22 or (iii) credit union shall be credited, in the computation of
23 the tax due under the Nebraska Revenue Act of 1967, with the
24 amount paid during the taxable year as taxes on such premiums and
25 assessments and taxes in lieu of intangible tax.

1 (b) For taxable years commencing on or after January 1,
2 1997, any insurer paying a tax on premiums and assessments pursuant
3 to section 77-908 or 81-523, any electric cooperative organized
4 under the Joint Public Power Authority Act, or any credit union
5 shall be credited, in the computation of the tax due under the
6 Nebraska Revenue Act of 1967, with the amount paid during the
7 taxable year as (i) taxes on such premiums and assessments included
8 as Nebraska premiums and assessments under section 77-2734.05 and
9 (ii) taxes in lieu of intangible tax.

10 (c) For taxable years commencing or deemed to commence
11 prior to, on, or after January 1, 1998, any insurer paying a tax on
12 premiums and assessments pursuant to section 77-908 or 81-523 shall
13 be credited, in the computation of the tax due under the Nebraska
14 Revenue Act of 1967, with the amount paid during the taxable year
15 as assessments allowed as an offset against premium and related
16 retaliatory tax liability pursuant to section 44-4233.

17 (2) There shall be allowed to corporate taxpayers a
18 tax credit for contributions to community betterment programs as
19 provided in the Community Development Assistance Act.

20 (3) There shall be allowed to corporate taxpayers a
21 refundable income tax credit under the Beginning Farmer Tax Credit
22 Act for all taxable years beginning or deemed to begin on or
23 after January 1, 2001, under the Internal Revenue Code of 1986, as
24 amended.

25 (4) The changes made to this section by Laws 2004, LB

1 983, apply to motor fuels purchased during any tax year ending
2 or deemed to end on or after January 1, 2005, under the Internal
3 Revenue Code of 1986, as amended.

4 (5) There shall be allowed to corporate taxpayers
5 refundable income tax credits under the Nebraska Advantage
6 Microenterprise Tax Credit Act and the Nebraska Advantage Research
7 and Development Act.

8 (6) There shall be allowed to corporate taxpayers a
9 nonrefundable income tax credit for investment in a biodiesel
10 facility as provided in section 77-27,236.

11 (7) For taxable years beginning on or after January 1,
12 2009, and before January 1, 2012, under the Internal Revenue Code
13 of 1986, as amended, there shall be allowed to corporate taxpayers
14 employing twenty-five or fewer employees in this state, as a
15 nonrefundable credit against the income tax imposed by the Nebraska
16 Revenue Act of 1967, a credit equal to twenty-five percent of the
17 amounts paid by the taxpayer to provide health insurance or care to
18 employees if the taxpayer has not contributed within the preceding
19 two calendar years to any health insurance premium on behalf of an
20 employee, unless such contribution was made solely for the benefit
21 of a shareholder or the shareholder's dependents. If the credit
22 allowed by this subsection is claimed, the amount of any deduction
23 allowable under the act for expenses described in this subsection
24 shall be reduced by the dollar amount of the credit.

25 Sec. 3. Original sections 77-2715.07 and 77-2734.03,

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1 Revised Statutes Supplement, 2007, are repealed.