

LEGISLATURE OF NEBRASKA

ONE HUNDRED FIRST LEGISLATURE

FIRST SESSION

LEGISLATIVE BILL 159

FINAL READING

Introduced by Gay, 14; Cornett, 45.

Read first time January 12, 2009

Committee: Revenue

A BILL

1 FOR AN ACT relating to revenue and taxation; to amend section
2 77-2715.07, Revised Statutes Cumulative Supplement, 2008;
3 to allow an income tax credit for certain long-term care
4 insurance policy premiums; to provide an operative date;
5 and to repeal the 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, 2008, 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)(a) There shall be allowed as a nonrefundable credit
19 against the income tax imposed by the Nebraska Revenue Act of
20 1967 an amount equal to twenty-five percent of the premiums paid
21 during the taxable year for one or more long-term care insurance
22 policies issued pursuant to the Long-Term Care Insurance Act on
23 or after January 1, 2010, that offer coverage to the individual,
24 the individual's spouse, parent, or immediate family member, or a
25 dependent for whom the individual was allowed to deduct a personal

1 exemption for the taxable year. The credit may be claimed for a
2 maximum of three tax years. No taxpayer shall be entitled to such
3 credit with respect to the same expended amounts for long-term care
4 insurance policy premiums which are claimed by another taxpayer.
5 No taxpayer shall be entitled to such credit if he or she used
6 the adjustment to federal adjusted gross income provided in section
7 77-2716 for contributions and earnings as a participant in the
8 Nebraska long-term care savings plan for the same tax year.

9 (b) The credit allowed by this subsection shall not
10 exceed the lesser of the taxpayer's income tax liability or:

11 (i) For taxable years beginning on or after January 1,
12 2010, and before January 1, 2011, under the Internal Revenue Code
13 of 1986, as amended, three hundred dollars per married filing
14 jointly return or one hundred fifty dollars for any other return;

15 (ii) For taxable years beginning on or after January 1,
16 2011, and before January 1, 2012, under the code, four hundred
17 dollars per married filing jointly return or two hundred dollars
18 for any other return; and

19 (iii) For taxable years beginning on or after January 1,
20 2012, and before January 1, 2015, under the code, five hundred
21 dollars per married filing jointly return or two hundred fifty
22 dollars for any other return.

23 (c) Any unused tax credit shall not be allowed to be
24 carried forward to apply to the taxpayer's succeeding year's
25 liability.

1 (d) This subsection terminates on January 1, 2015.

2 Sec. 2. This act becomes operative for taxable years
3 beginning or deemed to begin on or after January 1, 2010, under the
4 Internal Revenue Code of 1986, as amended.

5 Sec. 3. Original section 77-2715.07, Revised Statutes
6 Cumulative Supplement, 2008, is repealed.