

LEGISLATURE OF NEBRASKA
ONE HUNDRED FOURTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 396

Introduced by Riepe, 12.

Read first time January 16, 2015

Committee: Revenue

- 1 A BILL FOR AN ACT relating to revenue and taxation; to amend section
- 2 77-2715.07, Revised Statutes Cumulative Supplement, 2014; to allow
- 3 an income tax credit for certain long-term care insurance policy
- 4 premiums; to provide an operative date; and to repeal the original
- 5 section.
- 6 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.

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; and

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

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

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

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

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

12 (5)(a) For all taxable years beginning on or after January 1, 2007,
13 and before January 1, 2009, under the Internal Revenue Code of 1986, as
14 amended, there shall be allowed to each partner, shareholder, member, or
15 beneficiary of a partnership, subchapter S corporation, limited liability
16 company, or estate or trust a nonrefundable credit against the income tax
17 imposed by the Nebraska Revenue Act of 1967 equal to fifty percent of the
18 partner's, shareholder's, member's, or beneficiary's portion of the
19 amount of franchise tax paid to the state under sections 77-3801 to
20 77-3807 by a financial institution.

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

29 (c) Each partner, shareholder, member, or beneficiary shall report
30 his or her share of the credit in the same manner and proportion as he or
31 she reports the partnership, subchapter S corporation, limited liability

1 company, or estate or trust income. If any partner, shareholder, member,
2 or beneficiary cannot fully utilize the credit for that year, the credit
3 may not be carried forward or back.

4 (6) There shall be allowed to all individuals as a nonrefundable
5 credit against the income tax imposed by the Nebraska Revenue Act of 1967
6 an amount equal to twenty-five percent of the premiums paid during the
7 taxable year for one or more long-term care insurance policies issued
8 pursuant to the Long-Term Care Insurance Act on or after January 1, 2016,
9 that offer coverage to the individual, the individual's spouse, parent,
10 or immediate family member, or a dependent for whom the individual was
11 allowed to deduct a personal exemption for the taxable year. The credit
12 may be claimed for a maximum of three tax years. No taxpayer shall be
13 entitled to such credit with respect to the same expended amounts for
14 long-term care insurance policy premiums which are claimed by another
15 taxpayer. No taxpayer shall be entitled to such credit if he or she used
16 the adjustment to federal adjusted gross income provided in section
17 77-2716 for contributions and investment earnings as a participant in the
18 Nebraska long-term care savings plan for the same tax year. The credit
19 allowed by this subsection shall not exceed the lesser of (a) two hundred
20 fifty dollars for an individual policy or five hundred dollars for a
21 joint policy or (b) the taxpayer's income tax liability. Any unused tax
22 credit shall not be allowed to be carried forward to the taxpayer's
23 succeeding tax years.

24 Sec. 2. This act becomes operative for all taxable years beginning
25 or deemed to begin on or after January 1, 2016, under the Internal
26 Revenue Code of 1986, as amended.

27 Sec. 3. Original section 77-2715.07, Revised Statutes Cumulative
28 Supplement, 2014, is repealed.