

LEGISLATURE OF NEBRASKA
ONE HUNDRED FOURTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 645

Introduced by Nordquist, 7; Campbell, 25; Cook, 13; Howard, 9; Kolowski,
31; Mello, 5.

Read first time January 21, 2015

Committee: Revenue

1 A BILL FOR AN ACT relating to revenue and taxation; to amend sections
2 49-801.01, 77-2715.07, 77-2717, and 77-2734.03, Revised Statutes
3 Cumulative Supplement, 2014; to adopt the Early Childhood Workforce
4 Development Opportunity Act; to provide income tax credits; to
5 harmonize provisions; to provide an operative date; and to repeal
6 the original sections.

7 Be it enacted by the people of the State of Nebraska,

1 Section 1. Sections 1 to 11 of this act shall be known and may be
2 cited as the Early Childhood Workforce Development Opportunity Act.

3 Sec. 2. For purposes of the Early Childhood Workforce Development
4 Opportunity Act:

5 (1) Early childhood care and education program includes:

6 (a) Child care programs licensed under the Child Care Licensing Act
7 which serve children from birth to kindergarten-entrance age;

8 (b) Prekindergarten services and prekindergarten programs
9 established pursuant to section 79-1104; and

10 (c) The federal Head Start programs, 42 U.S.C. 9831 et seq., and
11 Early Head Start programs, 42 U.S.C. 9840a;

12 (2) Early childhood education and retention incentive grant means a
13 financial grant to reward higher educational attainment in the field of
14 early childhood education and increase retention of teachers and
15 professionals in early childhood care and education programs through
16 increased compensation;

17 (3) Eligible recipient means a resident of Nebraska who is an
18 employee of a Nebraska early childhood care and education program
19 participating in the Step Up to Quality Child Care Act at a quality scale
20 rating of step two or higher that serves a minimum annual average of
21 thirty percent of its total enrolled child population through the federal
22 child care assistance program under 42 U.S.C. 618; and

23 (4) Qualified granting organization means a charitable organization
24 in this state that (a) is exempt from federal income taxation pursuant to
25 section 501(c)(3) of the Internal Revenue Code of 1986, as amended, and
26 (b) is certified pursuant to section 3 of this act to provide tax-credit-
27 supported early childhood education and retention incentive grants to
28 eligible recipients.

29 Sec. 3. (1) An applicant may apply to the State Department of
30 Education to become certified as a qualified granting organization under
31 the Early Childhood Workforce Development Opportunity Act. An applicant

1 shall obtain such certification prior to providing any early childhood
2 education and retention incentive grants to eligible recipients under the
3 act. The applicant shall provide the department with sufficient
4 information to show:

5 (a) That the applicant is exempt from federal income taxation under
6 section 501(c)(3) of the Internal Revenue Code of 1986, as amended;

7 (b) That the applicant is nationally licensed to provide early
8 childhood education and retention incentives to increase retention of
9 teachers and professionals in early childhood care and education
10 programs;

11 (c) That the applicant is able to provide statistical annual reports
12 outlining the impact and outcomes of early childhood education and
13 retention incentive grants;

14 (d) That the applicant will offer one or more early childhood
15 education and retention incentive grants to eligible recipients;

16 (e) That the applicant will allocate at least ninety-five percent of
17 funding provided for the purpose of the nationally licensed early
18 childhood education and retention incentive grant program in accordance
19 with section 9 of this act; and

20 (f) That the applicant will provide early childhood education and
21 retention incentive grants to eligible recipients in an equitable
22 statewide manner relative to the level of education of the eligible
23 recipients and does not discriminate on the basis of race, color,
24 religion, sex, age, national origin, veteran status, sexual orientation,
25 gender identity, disability, or any other basis of discrimination
26 prohibited by law.

27 (2) If the applicant meets the requirements of this section, the
28 State Department of Education shall certify such applicant as a qualified
29 granting organization for tax-credit purposes under the Early Childhood
30 Workforce Development Opportunity Act and shall notify the Department of
31 Revenue of such certification. Such certification is subject to

1 revocation by the State Department of Education if the qualified granting
2 organization subsequently fails to fulfill the requirements of this
3 section.

4 Sec. 4. (1) An individual taxpayer who makes one or more cash
5 contributions to one or more qualified granting organizations during a
6 tax year shall be eligible for a nonrefundable and nontransferable credit
7 against the income tax due under the Nebraska Revenue Act of 1967. The
8 amount of the credit shall be twenty percent of the total of such
9 contributions made during the tax year.

10 (2) Taxpayers who are married but file separate returns for a tax
11 year in which they could have filed a joint return may each claim only
12 one-half of the tax credit that would otherwise have been allowed for a
13 joint return.

14 (3) The tax credit allowed under this section shall not exceed the
15 taxpayer's income tax liability for the tax year, but any amount that
16 would otherwise have qualified for the tax credit but for this limitation
17 may be carried forward and applied against the taxpayer's income tax
18 liability for the next five years immediately following the tax year in
19 which the credit is first allowed. The tax credit cannot be carried back.

20 (4) The tax credit shall not be allowed if the taxpayer designates
21 all or any part of the contribution to a qualified granting organization
22 for the direct benefit of any eligible recipient specifically identified
23 by the taxpayer.

24 (5) The tax credit allowed under this section is subject to section
25 8 of this act.

26 Sec. 5. (1) Any partnership, any limited liability company, and any
27 corporation having an election in effect under subchapter S of the
28 Internal Revenue Code of 1986, as amended, which is carrying on any trade
29 or business for which deductions would be allowed under section 162 of
30 the Internal Revenue Code of 1986, as amended, or carrying on any rental
31 activity, which makes one or more cash contributions to one or more

1 qualified granting organizations during a tax year shall be eligible for
2 a nonrefundable and nontransferable credit against the income tax due
3 under the Nebraska Revenue Act of 1967. The amount of the credit shall be
4 twenty percent of the total of such contributions made during the tax
5 year. The credit shall be attributed to each partner, member, or
6 shareholder in the same proportion used to report the partnership's,
7 limited liability company's, or subchapter S corporation's income or loss
8 for income tax purposes.

9 (2) The tax credit allowed under this section shall not exceed the
10 taxpayer's income tax liability for the tax year, but any amount that
11 would otherwise have qualified for the credit but for this limitation may
12 be carried forward and applied against the taxpayer's income tax
13 liability for the next five years immediately following the tax year in
14 which the credit is first allowed. The tax credit cannot be carried back.

15 (3) The tax credit shall not be allowed if the taxpayer designates
16 all or any part of the contribution to a qualified granting organization
17 for the direct benefit of any eligible recipient specifically identified
18 by the taxpayer.

19 (4) The tax credit allowed under this section is subject to section
20 8 of this act.

21 Sec. 6. (1) An estate or trust which makes one or more cash
22 contributions to one or more qualified granting organizations during a
23 tax year shall be eligible for a nonrefundable and nontransferable credit
24 against the income tax due under the Nebraska Revenue Act of 1967. The
25 amount of the credit shall be twenty percent of the total of such
26 contributions made during the tax year. Any credit not used by the estate
27 or trust may be attributed to each beneficiary of the estate or trust in
28 the same proportion used to report the beneficiary's income from the
29 estate or trust for income tax purposes.

30 (2) The tax credit allowed under this section shall not exceed the
31 taxpayer's income tax liability for the tax year, but any amount that

1 would otherwise have qualified for the credit but for this limitation may
2 be carried forward and applied against the taxpayer's income tax
3 liability for the next five years immediately following the tax year in
4 which the credit is first allowed. The tax credit cannot be carried back.

5 (3) The tax credit shall not be allowed if the taxpayer designates
6 all or any part of the contribution to a qualified granting organization
7 for the direct benefit of any eligible recipient specifically identified
8 by the taxpayer.

9 (4) The tax credit allowed under this section is subject to section
10 8 of this act.

11 Sec. 7. (1) A corporate taxpayer as defined in section 77-2734.04
12 which makes one or more cash contributions to one or more qualified
13 granting organizations during a tax year shall be eligible for a
14 nonrefundable and nontransferable credit against the income tax due under
15 the Nebraska Revenue Act of 1967. The amount of the credit shall be
16 twenty percent of the total of such contributions made during the tax
17 year.

18 (2) The tax credit allowed under this section shall not exceed the
19 taxpayer's income tax liability for the tax year, but any amount that
20 would otherwise have qualified for the credit but for this limitation may
21 be carried forward and applied against the taxpayer's income tax
22 liability for the next five years immediately following the tax year in
23 which the credit is first allowed. The tax credit cannot be carried back.

24 (3) The tax credit shall not be allowed if the taxpayer designates
25 all or any part of the contribution to a qualified granting organization
26 for the direct benefit of any eligible recipient specifically identified
27 by the taxpayer.

28 (4) The tax credit allowed under this section is subject to section
29 8 of this act.

30 Sec. 8. (1) Prior to making a contribution to a qualified granting
31 organization, any taxpayer desiring to claim a tax credit allowed under

1 the Early Childhood Workforce Development Opportunity Act shall notify
2 the qualified granting organization of the taxpayer's intent to make a
3 contribution and the amount thereof. Upon receiving each such
4 notification of intent to make a contribution, the qualified granting
5 organization shall request from the Department of Revenue preapproval for
6 a tax credit allowed under the act. The department shall consider the
7 request pursuant to subsection (3) of this section and, within thirty
8 days after receiving the request, shall notify the qualified granting
9 organization of its determination. If the department preapproves the
10 request for a tax credit, the qualified granting organization shall
11 promptly notify the taxpayer of the preapproved amount.

12 (2) In order to be allowed a tax credit as provided by the act, the
13 taxpayer shall make its contribution within thirty days after receiving
14 notice from the qualified granting organization of the preapproved
15 amount. If the qualified granting organization does not receive the
16 contribution within the required thirty days, it shall notify the
17 Department of Revenue of such fact and the department shall no longer
18 include such preapproved amount when calculating the limit prescribed in
19 subsection (3) of this section. If the qualified granting organization
20 receives the contribution within the required thirty days, it shall
21 provide the taxpayer with a receipt for the contribution, which shall
22 show the name and address of the qualified granting organization, the
23 date the qualified granting organization was certified by the State
24 Department of Education, the name, address, and, if available, tax
25 identification number of the taxpayer making the contribution, the amount
26 of the contribution, and the date the contribution was received.

27 (3) The Department of Revenue shall (a) consider requests for tax
28 credits in the order in which they are received and (b) preapprove tax
29 credits up to the limits provided in this subsection. The aggregate
30 amount of preapproved credits shall not exceed three hundred thousand
31 dollars for calendar year 2016, five hundred thousand dollars for

1 calendar year 2017, seven hundred fifty thousand dollars for calendar
2 year 2018, and one million dollars for calendar year 2019 and each
3 calendar year thereafter. Once preapproved credits have reached the
4 designated annual limit for any calendar year, no additional credits
5 shall be preapproved for such calendar year. Credits shall be prorated
6 among the requests received on the day the annual limit is exceeded.

7 Sec. 9. In order for a qualified granting organization to remain
8 certified under the Early Childhood Workforce Development Opportunity
9 Act, the qualified granting organization must allocate at least ninety-
10 five percent of funding provided for the purpose of the nationally
11 licensed early childhood education and retention incentive grant program,
12 and no more than five percent of funding provided shall be used or
13 reserved for administrative costs of the qualified granting organization.
14 For purposes of this requirement, funding is allocated when it is
15 expended or otherwise irrevocably encumbered for expenditure.

16 Sec. 10. Each qualified granting organization shall annually submit
17 to the State Department of Education no later than four months after the
18 end of the qualified granting organization's fiscal year an audited
19 financial information report for its most recent fiscal year certified by
20 an independent public accountant. The qualified granting organization
21 shall include with such report a summary description of its policies and
22 procedures for awarding early childhood education and retention incentive
23 grants and any other information requested by the department.

24 Sec. 11. The State Department of Education and the Department of
25 Revenue may adopt and promulgate rules and regulations to carry out the
26 Early Childhood Workforce Development Opportunity Act.

27 Sec. 12. Section 49-801.01, Revised Statutes Cumulative Supplement,
28 2014, is amended to read:

29 49-801.01 Except as provided by Article VIII, section 1B, of the
30 Constitution of Nebraska and in sections 77-1106, 77-1108, 77-1109,
31 77-1117, 77-1119, 77-2701.01, 77-2714 to 77-27,123, 77-27,191, 77-2902,

1 77-2906, 77-2908, 77-2909, 77-4103, 77-4104, 77-4108, 77-5509, 77-5515,
2 77-5527 to 77-5529, 77-5539, 77-5717 to 77-5719, 77-5728, 77-5802,
3 77-5803, 77-5806, 77-5903, 77-6302, and 77-6306 and sections 2, 3, and 5
4 of this act, any reference to the Internal Revenue Code refers to the
5 Internal Revenue Code of 1986 as it exists on April 11, 2014.

6 Sec. 13. Section 77-2715.07, Revised Statutes Cumulative Supplement,
7 2014, is amended to read:

8 77-2715.07 (1) There shall be allowed to qualified resident
9 individuals as a nonrefundable credit against the income tax imposed by
10 the Nebraska Revenue Act of 1967:

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

13 (b) A credit for taxes paid to another state as provided in section
14 77-2730.

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

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

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

31 (c) A refundable credit as provided in section 77-5209.01 for

1 individuals who qualify for an income tax credit as a qualified beginning
2 farmer or livestock producer under the Beginning Farmer Tax Credit Act
3 for all taxable years beginning or deemed to begin on or after January 1,
4 2006, under the Internal Revenue Code of 1986, as amended;

5 (d) A refundable credit for individuals who qualify for an income
6 tax credit under the Angel Investment Tax Credit Act, the Nebraska
7 Advantage Microenterprise Tax Credit Act, or the Nebraska Advantage
8 Research and Development Act; and

9 (e) A refundable credit equal to ten percent of the federal credit
10 allowed under section 32 of the Internal Revenue Code of 1986, as
11 amended.

12 (3) There shall be allowed to all individuals as a nonrefundable
13 credit against the income tax imposed by the Nebraska Revenue Act of
14 1967:

15 (a) A credit for personal exemptions allowed under section
16 77-2716.01;

17 (b) A credit for contributions to certified community betterment
18 programs as provided in the Community Development Assistance Act. Each
19 partner, each shareholder of an electing subchapter S corporation, each
20 beneficiary of an estate or trust, or each member of a limited liability
21 company shall report his or her share of the credit in the same manner
22 and proportion as he or she reports the partnership, subchapter S
23 corporation, estate, trust, or limited liability company income;

24 (c) A credit for investment in a biodiesel facility as provided in
25 section 77-27,236;

26 (d) A credit as provided in the New Markets Job Growth Investment
27 Act; ~~and~~

28 (e) A credit as provided in the Nebraska Job Creation and Mainstreet
29 Revitalization Act; and -

30 (f) A credit as provided in the Early Childhood Workforce
31 Development Opportunity Act.

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

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

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

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

19 (5)(a) For all taxable years beginning on or after January 1, 2007,
20 and before January 1, 2009, under the Internal Revenue Code of 1986, as
21 amended, there shall be allowed to each partner, shareholder, member, or
22 beneficiary of a partnership, subchapter S corporation, limited liability
23 company, or estate or trust a nonrefundable credit against the income tax
24 imposed by the Nebraska Revenue Act of 1967 equal to fifty percent of the
25 partner's, shareholder's, member's, or beneficiary's portion of the
26 amount of franchise tax paid to the state under sections 77-3801 to
27 77-3807 by a financial institution.

28 (b) For all taxable years beginning on or after January 1, 2009,
29 under the Internal Revenue Code of 1986, as amended, there shall be
30 allowed to each partner, shareholder, member, or beneficiary of a
31 partnership, subchapter S corporation, limited liability company, or

1 estate or trust a nonrefundable credit against the income tax imposed by
2 the Nebraska Revenue Act of 1967 equal to the partner's, shareholder's,
3 member's, or beneficiary's portion of the amount of franchise tax paid to
4 the state under sections 77-3801 to 77-3807 by a financial institution.

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

11 Sec. 14. Section 77-2717, Revised Statutes Cumulative Supplement,
12 2014, is amended to read:

13 77-2717 (1)(a)(i) For taxable years beginning or deemed to begin
14 before January 1, 2014, the tax imposed on all resident estates and
15 trusts shall be a percentage of the federal taxable income of such
16 estates and trusts as modified in section 77-2716, plus a percentage of
17 the federal alternative minimum tax and the federal tax on premature or
18 lump-sum distributions from qualified retirement plans. The additional
19 taxes shall be recomputed by (A) substituting Nebraska taxable income for
20 federal taxable income, (B) calculating what the federal alternative
21 minimum tax would be on Nebraska taxable income and adjusting such
22 calculations for any items which are reflected differently in the
23 determination of federal taxable income, and (C) applying Nebraska rates
24 to the result. The federal credit for prior year minimum tax, after the
25 recomputations required by the Nebraska Revenue Act of 1967, and the
26 credits provided in the Nebraska Advantage Microenterprise Tax Credit Act
27 and the Nebraska Advantage Research and Development Act shall be allowed
28 as a reduction in the income tax due. A refundable income tax credit
29 shall be allowed for all resident estates and trusts under the Angel
30 Investment Tax Credit Act, the Nebraska Advantage Microenterprise Tax
31 Credit Act, and the Nebraska Advantage Research and Development Act. A

1 nonrefundable income tax credit shall be allowed for all resident estates
2 and trusts as provided in the New Markets Job Growth Investment Act.

3 (ii) For taxable years beginning or deemed to begin on or after
4 January 1, 2014, the tax imposed on all resident estates and trusts shall
5 be a percentage of the federal taxable income of such estates and trusts
6 as modified in section 77-2716, plus a percentage of the federal tax on
7 premature or lump-sum distributions from qualified retirement plans. The
8 additional taxes shall be recomputed by substituting Nebraska taxable
9 income for federal taxable income and applying Nebraska rates to the
10 result. The credits provided in the Nebraska Advantage Microenterprise
11 Tax Credit Act and the Nebraska Advantage Research and Development Act
12 shall be allowed as a reduction in the income tax due. A refundable
13 income tax credit shall be allowed for all resident estates and trusts
14 under the Angel Investment Tax Credit Act, the Nebraska Advantage
15 Microenterprise Tax Credit Act, and the Nebraska Advantage Research and
16 Development Act. A nonrefundable income tax credit shall be allowed for
17 all resident estates and trusts as provided in the Early Childhood
18 Workforce Development Opportunity Act, the Nebraska Job Creation and
19 Mainstreet Revitalization Act, and the New Markets Job Growth Investment
20 Act.

21 (b) The tax imposed on all nonresident estates and trusts shall be
22 the portion of the tax imposed on resident estates and trusts which is
23 attributable to the income derived from sources within this state. The
24 tax which is attributable to income derived from sources within this
25 state shall be determined by multiplying the liability to this state for
26 a resident estate or trust with the same total income by a fraction, the
27 numerator of which is the nonresident estate's or trust's Nebraska income
28 as determined by sections 77-2724 and 77-2725 and the denominator of
29 which is its total federal income after first adjusting each by the
30 amounts provided in section 77-2716. The federal credit for prior year
31 minimum tax, after the recomputations required by the Nebraska Revenue

1 Act of 1967, reduced by the percentage of the total income which is
2 attributable to income from sources outside this state, and the credits
3 provided in the Nebraska Advantage Microenterprise Tax Credit Act and the
4 Nebraska Advantage Research and Development Act shall be allowed as a
5 reduction in the income tax due. A refundable income tax credit shall be
6 allowed for all nonresident estates and trusts under the Angel Investment
7 Tax Credit Act, the Nebraska Advantage Microenterprise Tax Credit Act,
8 and the Nebraska Advantage Research and Development Act. A nonrefundable
9 income tax credit shall be allowed for all nonresident estates and trusts
10 as provided in the Early Childhood Workforce Development Opportunity Act,
11 the Nebraska Job Creation and Mainstreet Revitalization Act, and the New
12 Markets Job Growth Investment Act.

13 (2) In all instances wherein a fiduciary income tax return is
14 required under the provisions of the Internal Revenue Code, a Nebraska
15 fiduciary return shall be filed, except that a fiduciary return shall not
16 be required to be filed regarding a simple trust if all of the trust's
17 beneficiaries are residents of the State of Nebraska, all of the trust's
18 income is derived from sources in this state, and the trust has no
19 federal tax liability. The fiduciary shall be responsible for making the
20 return for the estate or trust for which he or she acts, whether the
21 income be taxable to the estate or trust or to the beneficiaries thereof.
22 The fiduciary shall include in the return a statement of each
23 beneficiary's distributive share of net income when such income is
24 taxable to such beneficiaries.

25 (3) The beneficiaries of such estate or trust who are residents of
26 this state shall include in their income their proportionate share of
27 such estate's or trust's federal income and shall reduce their Nebraska
28 tax liability by their proportionate share of the credits as provided in
29 the Angel Investment Tax Credit Act, the Early Childhood Workforce
30 Development Opportunity Act, the Nebraska Advantage Microenterprise Tax
31 Credit Act, the Nebraska Advantage Research and Development Act, the

1 Nebraska Job Creation and Mainstreet Revitalization Act, and the New
2 Markets Job Growth Investment Act. There shall be allowed to a
3 beneficiary a refundable income tax credit under the Beginning Farmer Tax
4 Credit Act for all taxable years beginning or deemed to begin on or after
5 January 1, 2001, under the Internal Revenue Code of 1986, as amended.

6 (4) If any beneficiary of such estate or trust is a nonresident
7 during any part of the estate's or trust's taxable year, he or she shall
8 file a Nebraska income tax return which shall include (a) in Nebraska
9 adjusted gross income that portion of the estate's or trust's Nebraska
10 income, as determined under sections 77-2724 and 77-2725, allocable to
11 his or her interest in the estate or trust and (b) a reduction of the
12 Nebraska tax liability by his or her proportionate share of the credits
13 as provided in the Angel Investment Tax Credit Act, the Early Childhood
14 Workforce Development Opportunity Act, the Nebraska Advantage
15 Microenterprise Tax Credit Act, the Nebraska Advantage Research and
16 Development Act, the Nebraska Job Creation and Mainstreet Revitalization
17 Act, and the New Markets Job Growth Investment Act and shall execute and
18 forward to the fiduciary, on or before the original due date of the
19 Nebraska fiduciary return, an agreement which states that he or she will
20 file a Nebraska income tax return and pay income tax on all income
21 derived from or connected with sources in this state, and such agreement
22 shall be attached to the Nebraska fiduciary return for such taxable year.

23 (5) In the absence of the nonresident beneficiary's executed
24 agreement being attached to the Nebraska fiduciary return, the estate or
25 trust shall remit a portion of such beneficiary's income which was
26 derived from or attributable to Nebraska sources with its Nebraska return
27 for the taxable year. For taxable years beginning or deemed to begin
28 before January 1, 2013, the amount of remittance, in such instance, shall
29 be the highest individual income tax rate determined under section
30 77-2715.02 multiplied by the nonresident beneficiary's share of the
31 estate or trust income which was derived from or attributable to sources

1 within this state. For taxable years beginning or deemed to begin on or
2 after January 1, 2013, the amount of remittance, in such instance, shall
3 be the highest individual income tax rate determined under section
4 77-2715.03 multiplied by the nonresident beneficiary's share of the
5 estate or trust income which was derived from or attributable to sources
6 within this state. The amount remitted shall be allowed as a credit
7 against the Nebraska income tax liability of the beneficiary.

8 (6) The Tax Commissioner may allow a nonresident beneficiary to not
9 file a Nebraska income tax return if the nonresident beneficiary's only
10 source of Nebraska income was his or her share of the estate's or trust's
11 income which was derived from or attributable to sources within this
12 state, the nonresident did not file an agreement to file a Nebraska
13 income tax return, and the estate or trust has remitted the amount
14 required by subsection (5) of this section on behalf of such nonresident
15 beneficiary. The amount remitted shall be retained in satisfaction of the
16 Nebraska income tax liability of the nonresident beneficiary.

17 (7) For purposes of this section, unless the context otherwise
18 requires, simple trust shall mean any trust instrument which (a) requires
19 that all income shall be distributed currently to the beneficiaries, (b)
20 does not allow amounts to be paid, permanently set aside, or used in the
21 tax year for charitable purposes, and (c) does not distribute amounts
22 allocated in the corpus of the trust. Any trust which does not qualify as
23 a simple trust shall be deemed a complex trust.

24 (8) For purposes of this section, any beneficiary of an estate or
25 trust that is a grantor trust of a nonresident shall be disregarded and
26 this section shall apply as though the nonresident grantor was the
27 beneficiary.

28 Sec. 15. Section 77-2734.03, Revised Statutes Cumulative Supplement,
29 2014, is amended to read:

30 77-2734.03 (1)(a) For taxable years commencing prior to January 1,
31 1997, any (i) insurer paying a tax on premiums and assessments pursuant

1 to section 77-908 or 81-523, (ii) electric cooperative organized under
2 the Joint Public Power Authority Act, or (iii) credit union shall be
3 credited, in the computation of the tax due under the Nebraska Revenue
4 Act of 1967, with the amount paid during the taxable year as taxes on
5 such premiums and assessments and taxes in lieu of intangible tax.

6 (b) For taxable years commencing on or after January 1, 1997, any
7 insurer paying a tax on premiums and assessments pursuant to section
8 77-908 or 81-523, any electric cooperative organized under the Joint
9 Public Power Authority Act, or any credit union shall be credited, in the
10 computation of the tax due under the Nebraska Revenue Act of 1967, with
11 the amount paid during the taxable year as (i) taxes on such premiums and
12 assessments included as Nebraska premiums and assessments under section
13 77-2734.05 and (ii) taxes in lieu of intangible tax.

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

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

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

28 (4) The changes made to this section by Laws 2004, LB 983, apply to
29 motor fuels purchased during any tax year ending or deemed to end on or
30 after January 1, 2005, under the Internal Revenue Code of 1986, as
31 amended.

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

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

7 (7) There shall be allowed to corporate taxpayers a nonrefundable
8 income tax credit as provided in the Early Childhood Workforce
9 Development Opportunity Act, the Nebraska Job Creation and Mainstreet
10 Revitalization Act, and the New Markets Job Growth Investment Act.

11 Sec. 16. This act becomes operative on January 1, 2016.

12 Sec. 17. Original sections 49-801.01, 77-2715.07, 77-2717, and
13 77-2734.03, Revised Statutes Cumulative Supplement, 2014, are repealed.