

LEGISLATURE OF NEBRASKA  
ONE HUNDRED FOURTH LEGISLATURE  
SECOND SESSION

**LEGISLATIVE BILL 870**

Introduced by Harr, 8; Morfeld, 46.

Read first time January 11, 2016

Committee: Revenue

- 1 A BILL FOR AN ACT relating to revenue and taxation; to amend section
- 2 77-2715.07, Revised Statutes Supplement, 2015; to provide an income
- 3 tax credit to graduates of certain educational institutions as
- 4 prescribed; and to repeal the original section.
- 5 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 77-2715.07, Revised Statutes Supplement, 2015, is  
2 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, except that for taxable  
16 years beginning or deemed to begin on or after January 1, 2015, such  
17 nonrefundable credit shall be allowed only if the individual would have  
18 received the federal credit allowed under section 21 of the code after  
19 adding back in any carryforward of a net operating loss that was deducted  
20 pursuant to such section in determining eligibility for the federal  
21 credit;

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

1 after January 1, 2015, such refundable credit shall be allowed only if  
2 the individual would have received the federal credit allowed under  
3 section 21 of the code after adding back in any carryforward of a net  
4 operating loss that was deducted pursuant to such section in determining  
5 eligibility for the federal credit;

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

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

15 (e) A refundable credit equal to ten percent of the federal credit  
16 allowed under section 32 of the Internal Revenue Code of 1986, as  
17 amended, except that for taxable years beginning or deemed to begin on or  
18 after January 1, 2015, such refundable credit shall be allowed only if  
19 the individual would have received the federal credit allowed under  
20 section 32 of the code after adding back in any carryforward of a net  
21 operating loss that was deducted pursuant to such section in determining  
22 eligibility for the federal credit.

23 (3) There shall be allowed to all individuals as a nonrefundable  
24 credit against the income tax imposed by the Nebraska Revenue Act of  
25 1967:

26 (a) A credit for personal exemptions allowed under section  
27 77-2716.01;

28 (b) A credit for contributions to certified community betterment  
29 programs as provided in the Community Development Assistance Act. Each  
30 partner, each shareholder of an electing subchapter S corporation, each  
31 beneficiary of an estate or trust, or each member of a limited liability

1 company shall report his or her share of the credit in the same manner  
2 and proportion as he or she reports the partnership, subchapter S  
3 corporation, estate, trust, or limited liability company income;

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

6 (d) A credit as provided in the New Markets Job Growth Investment  
7 Act; and

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

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

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

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

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

28 (5)(a) For all taxable years beginning on or after January 1, 2007,  
29 and before January 1, 2009, under the Internal Revenue Code of 1986, as  
30 amended, there shall be allowed to each partner, shareholder, member, or  
31 beneficiary of a partnership, subchapter S corporation, limited liability

1 company, or estate or trust a nonrefundable credit against the income tax  
2 imposed by the Nebraska Revenue Act of 1967 equal to fifty percent of the  
3 partner's, shareholder's, member's, or beneficiary's portion of the  
4 amount of franchise tax paid to the state under sections 77-3801 to  
5 77-3807 by a financial institution.

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

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

20 (6)(a) For taxable years beginning or deemed to begin on or after  
21 January 1, 2017, under the Internal Revenue Code of 1986, as amended,  
22 there shall be allowed to all eligible individuals a nonrefundable credit  
23 against the income tax imposed by the Nebraska Revenue Act of 1967 in an  
24 amount equal to:

25 (i) Two thousand five hundred dollars if federal adjusted gross  
26 income is (A) not more than one hundred twenty thousand dollars for  
27 married filing jointly taxpayers or (B) not more than sixty thousand  
28 dollars for any other taxpayer;

29 (ii) One thousand eight hundred seventy-five dollars if federal  
30 adjusted gross income is (A) more than one hundred twenty thousand  
31 dollars but not more than two hundred thousand dollars for married filing

1 jointly taxpayers or (B) more than sixty thousand dollars but not more  
2 than one hundred thousand dollars for any other taxpayer;

3 (iii) One thousand two hundred fifty dollars if federal adjusted  
4 gross income is (A) more than two hundred thousand dollars but not more  
5 than three hundred thousand dollars for married filing jointly taxpayers  
6 or (B) more than one hundred thousand dollars but not more than one  
7 hundred fifty thousand dollars for any other taxpayer;

8 (iv) Six hundred twenty-five dollars if federal adjusted gross  
9 income is (A) more than three hundred thousand dollars but not more than  
10 four hundred thousand dollars for married filing jointly taxpayers or (B)  
11 more than one hundred fifty thousand dollars but not more than two  
12 hundred thousand dollars for any other taxpayer; or

13 (v) Zero if federal adjusted gross income is (A) more than four  
14 hundred thousand dollars for married filing jointly taxpayers or (B) more  
15 than two hundred thousand dollars for any other taxpayer.

16 (b) For purposes of this subsection:

17 (i) Accredited educational institution means any nonprofit college,  
18 university, or vocational school; and

19 (ii) Eligible individual means an individual who (A) earned an  
20 associate degree or a bachelor's degree from an accredited educational  
21 institution, (B) completed the requirements for such degree in five  
22 consecutive calendar years or less, and (C) had a minimum cumulative  
23 grade-point average of 2.0 on a four-point scale or its equivalent upon  
24 graduation from such accredited educational institution.

25 (c) The credit granted under this subsection shall be available to  
26 the eligible individual for the first five taxable years after the  
27 eligible individual graduates from the accredited educational  
28 institution, excluding any taxable year during which the eligible  
29 individual attends a postgraduate program for the purpose of attaining a  
30 postgraduate degree.

31 Sec. 2. Original section 77-2715.07, Revised Statutes Supplement,

1 2015, is repealed.