

LEGISLATURE OF NEBRASKA
ONE HUNDRED FIFTH LEGISLATURE
SECOND SESSION

LEGISLATIVE BILL 1016

Introduced by Briese, 41; Brewer, 43; Erdman, 47; Halloran, 33; Lowe, 37.

Read first time January 16, 2018

Committee: Revenue

- 1 A BILL FOR AN ACT relating to revenue and taxation; to amend section
- 2 77-2715.07, Revised Statutes Cumulative Supplement, 2016; to adopt
- 3 the Money Transmission Fee Act; to provide income tax credits as
- 4 prescribed; to harmonize provisions; 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. Sections 1 to 6 of this act shall be known and may be
2 cited as the Money Transmission Fee Act.

3 Sec. 2. For purposes of the Money Transmission Fee Act:

4 (1) Department means the Department of Revenue;

5 (2) Financial institution has the same meaning as in section
6 8-101.03; and

7 (3) Money transmission transaction means transmitting money or
8 monetary value to a location in another state or a location outside of
9 the United States by any and all means, including, but not limited to, an
10 order, wire, facsimile, or electronic transfer, except that such term
11 shall not include a financial institution transmitting money or monetary
12 value from an account or on behalf of a depositor.

13 Sec. 3. (1) Each financial institution shall collect a fee on each
14 money transmission transaction completed for an individual. No such fee
15 shall be collected on money transmission transactions completed for a
16 corporation, limited liability company, partnership, or any other
17 business entity.

18 (2) The amount of the fee for each money transmission transaction
19 shall be:

20 (a) Five dollars if the amount of the transaction is no more than
21 one hundred sixty-six dollars and sixty-six cents; or

22 (b) Three percent of the amount transmitted if the amount of the
23 transaction is more than one hundred sixty-six dollars and sixty-six
24 cents.

25 (3) Financial institutions shall remit fees collected under this
26 section to the department on a quarterly basis along with a report
27 summarizing the money transmission transactions occurring during such
28 quarter. The report shall be made on a form prescribed by the department.
29 The department shall remit all fees collected under this section to the
30 State Treasurer for credit to the Property Tax Credit Cash Fund.

31 (4) To compensate financial institutions for collecting and

1 reporting the fees provided for in this section, each financial
2 institution shall be allowed to deduct and retain two percent of the
3 total amount of fees collected each quarter, not to exceed five hundred
4 dollars.

5 Sec. 4. (1) The individual for whom a money transmission
6 transaction is made shall be provided a receipt by the financial
7 institution contemporaneous with the transaction. The receipt shall show
8 the fee assessed pursuant to the Money Transmission Fee Act.

9 (2) The individual for whom a money transmission transaction is made
10 shall be provided a notice with the receipt provided for in subsection
11 (1) of this section. Such notice shall:

12 (a) State that such individual may be entitled to an income tax
13 credit for the amount of the fee paid;

14 (b) Contain information on how such individual may obtain the income
15 tax credit; and

16 (c) State that the receipt should be retained for the individual's
17 Nebraska income tax records.

18 Sec. 5. For taxable years beginning or deemed to begin on or after
19 January 1, 2019, an individual shall be allowed a nonrefundable credit
20 against the income tax imposed by the Nebraska Revenue Act of 1967 for
21 fees paid by such individual under the Money Transmission Fee Act. The
22 amount of the nonrefundable credit shall be the amount of such fees paid
23 during the taxable year.

24 Sec. 6. The department may adopt and promulgate rules and
25 regulations to carry out the Money Transmission Fee Act.

26 Sec. 7. Section 77-2715.07, Revised Statutes Cumulative Supplement,
27 2016, is amended to read:

28 77-2715.07 (1) There shall be allowed to qualified resident
29 individuals as a nonrefundable credit against the income tax imposed by
30 the Nebraska Revenue Act of 1967:

31 (a) A credit equal to the federal credit allowed under section 22 of

1 the Internal Revenue Code; and

2 (b) A credit for taxes paid to another state as provided in section
3 77-2730.

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

6 (a) For returns filed reporting federal adjusted gross incomes of
7 greater than twenty-nine thousand dollars, a nonrefundable credit equal
8 to twenty-five percent of the federal credit allowed under section 21 of
9 the Internal Revenue Code of 1986, as amended, except that for taxable
10 years beginning or deemed to begin on or after January 1, 2015, such
11 nonrefundable credit shall be allowed only if the individual would have
12 received the federal credit allowed under section 21 of the code after
13 adding back in any carryforward of a net operating loss that was deducted
14 pursuant to such section in determining eligibility for the federal
15 credit;

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, except that for taxable years beginning or deemed to begin on or
26 after January 1, 2015, such refundable credit shall be allowed only if
27 the individual would have received the federal credit allowed under
28 section 21 of the code after adding back in any carryforward of a net
29 operating loss that was deducted pursuant to such section in determining
30 eligibility for the federal credit;

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, the Nebraska Advantage Research
8 and Development Act, or the Volunteer Emergency Responders Incentive Act;
9 and

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

18 (3) There shall be allowed to all individuals as a nonrefundable
19 credit against the income tax imposed by the Nebraska Revenue Act of
20 1967:

21 (a) A credit for personal exemptions allowed under section
22 77-2716.01;

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

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

1 (d) A credit as provided in the New Markets Job Growth Investment
2 Act;

3 (e) A credit as provided in the Nebraska Job Creation and Mainstreet
4 Revitalization Act;

5 (f) A credit to employers as provided in section 77-27,238;~~and~~

6 (g) A credit as provided in the Affordable Housing Tax Credit Act;
7 and -

8 (h) A credit as provided in the Money Transmission Fee Act.

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

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

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

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

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

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

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

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

19 (6) There shall be allowed to all individuals nonrefundable credits
20 against the income tax imposed by the Nebraska Revenue Act of 1967 as
21 provided in section 77-3604 and refundable credits against the income tax
22 imposed by the Nebraska Revenue Act of 1967 as provided in section
23 77-3605.

24 Sec. 8. This act becomes operative on January 1, 2019.

25 Sec. 9. Original section 77-2715.07, Revised Statutes Cumulative
26 Supplement, 2016, is repealed.