

LEGISLATURE OF NEBRASKA  
ONE HUNDRED SIXTH LEGISLATURE  
FIRST SESSION

**LEGISLATIVE BILL 88**

Introduced by Wayne, 13.

Read first time January 10, 2019

Committee: Revenue

- 1 A BILL FOR AN ACT relating to taxation; to amend section 77-2715.07,
- 2 Reissue Revised Statutes of Nebraska; to provide an income tax
- 3 credit for certain purchases of a residence; and to repeal the
- 4 original section.
- 5 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 77-2715.07, Reissue Revised Statutes of Nebraska,  
2 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, 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, the Nebraska Advantage Research  
14 and Development Act, or the Volunteer Emergency Responders Incentive Act;  
15 and

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

24 (3) There shall be allowed to all individuals as a nonrefundable  
25 credit against the income tax imposed by the Nebraska Revenue Act of  
26 1967:

27 (a) A credit for personal exemptions allowed under section  
28 77-2716.01;

29 (b) A credit for contributions to certified community betterment  
30 programs as provided in the Community Development Assistance Act. Each  
31 partner, each shareholder of an electing subchapter S corporation, each

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

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

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

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

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

12 (g) A credit as provided in the Affordable Housing Tax Credit Act.

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

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

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

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

31 (5)(a) For all taxable years beginning on or after January 1, 2007,

1 and before January 1, 2009, under the Internal Revenue Code of 1986, as  
2 amended, there shall be allowed to each partner, shareholder, member, or  
3 beneficiary of a partnership, subchapter S corporation, limited liability  
4 company, or estate or trust a nonrefundable credit against the income tax  
5 imposed by the Nebraska Revenue Act of 1967 equal to fifty percent of the  
6 partner's, shareholder's, member's, or beneficiary's portion of the  
7 amount of franchise tax paid to the state under sections 77-3801 to  
8 77-3807 by a financial institution.

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

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

23 (6) There shall be allowed to all individuals nonrefundable credits  
24 against the income tax imposed by the Nebraska Revenue Act of 1967 as  
25 provided in section 77-3604 and refundable credits against the income tax  
26 imposed by the Nebraska Revenue Act of 1967 as provided in section  
27 77-3605.

28 (7)(a) For taxable years beginning or deemed to begin on or after  
29 January 1, 2020, under the Internal Revenue Code of 1986, as amended, a  
30 nonrefundable credit against the income tax imposed by the Nebraska  
31 Revenue Act of 1967 in the amount of five thousand dollars shall be

1 allowed to any individual who purchases a residence during the taxable  
2 year if such residence:

3 (i) Is located within an area that has been designated as extremely  
4 blighted under the Community Development Law;

5 (ii) Is the individual's primary residence; and

6 (iii) Was not purchased from a family member of the individual or a  
7 family member of the individual's spouse.

8 (b) The credit provided in this subsection shall be claimed for the  
9 taxable year in which the residence is purchased. If the individual  
10 cannot fully utilize the credit for such year, the credit may be carried  
11 forward to subsequent taxable years until fully utilized.

12 (c) No more than one credit may be claimed under this subsection  
13 with respect to a single residence.

14 (d) The credit provided in this subsection shall be subject to  
15 recapture by the Department of Revenue if the individual claiming the  
16 credit sells or otherwise transfers the residence or quits using the  
17 residence as his or her primary residence within five years after the end  
18 of the taxable year in which the credit was claimed.

19 (e) For purposes of this subsection:

20 (i) Extremely blighted has the same meaning as in section 18-2103;  
21 and

22 (ii) Family member means an individual's spouse, child, parent,  
23 brother, sister, grandchild, or grandparent, whether by blood, marriage,  
24 or adoption.

25 Sec. 2. Original section 77-2715.07, Reissue Revised Statutes of  
26 Nebraska, is repealed.