

LEGISLATURE OF NEBRASKA
ONE HUNDRED SEVENTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 181

FINAL READING

Introduced by Linehan, 39; Groene, 42.

Read first time January 08, 2021

Committee: Revenue

1 A BILL FOR AN ACT relating to revenue and taxation; to amend section
2 77-6703, Revised Statutes Cumulative Supplement, 2020; to change
3 certain school district tax credit provisions; to provide an
4 operative date; to repeal the original section; and to declare an
5 emergency.

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

1 Section 1. Section 77-6703, Revised Statutes Cumulative Supplement,
2 2020, is amended to read:

3 77-6703 (1) For taxable years beginning or deemed to begin on or
4 after January 1, 2020, under the Internal Revenue Code of 1986, as
5 amended, there shall be allowed to each eligible taxpayer a refundable
6 credit against the income tax imposed by the Nebraska Revenue Act of 1967
7 or against the franchise tax imposed by sections 77-3801 to 77-3807. The
8 credit shall be equal to the credit percentage for the taxable year, as
9 set by the department under subsection (2) of this section, multiplied by
10 the amount of school district taxes paid by the eligible taxpayer during
11 such taxable year.

12 (2)(a) For taxable years beginning or deemed to begin during
13 calendar year 2020, the department shall set the credit percentage so
14 that the total amount of credits for such taxable years shall be one
15 hundred twenty-five million dollars;

16 (b) For taxable years beginning or deemed to begin during calendar
17 year 2021, the department shall set the credit percentage so that the
18 total amount of credits for such taxable years shall be one hundred
19 twenty-five million dollars plus either (i) the amount calculated for
20 such calendar year under subdivision (3)(b)(ii)(B) of section 77-4602 or
21 (ii) the amount calculated for such calendar year under subdivision (3)
22 (c)(ii)(B) of section 77-4602, whichever is applicable;

23 (c) For taxable years beginning or deemed to begin during calendar
24 year 2022, the department shall set the credit percentage so that the
25 total amount of credits for such taxable years shall be the maximum
26 amount of credits allowed under subdivision (2)(b) of this section plus
27 either (i) the amount calculated for such calendar year under subdivision
28 (3)(b)(ii)(B) of section 77-4602 or (ii) the amount calculated for such
29 calendar year under subdivision (3)(c)(ii)(B) of section 77-4602,
30 whichever is applicable;

31 (d) For taxable years beginning or deemed to begin during calendar

1 year 2023, the department shall set the credit percentage so that the
2 total amount of credits for such taxable years shall be the maximum
3 amount of credits allowed under subdivision (2)(c) of this section plus
4 either (i) the amount calculated for such calendar year under subdivision
5 (3)(b)(ii)(B) of section 77-4602 or (ii) the amount calculated for such
6 calendar year under subdivision (3)(c)(ii)(B) of section 77-4602,
7 whichever is applicable;

8 (e) For taxable years beginning or deemed to begin during calendar
9 year 2024, the department shall set the credit percentage so that the
10 total amount of credits for such taxable years shall be three hundred
11 seventy-five million dollars; and

12 (f) For taxable years beginning or deemed to begin during calendar
13 year 2025 and each calendar year thereafter, the department shall set the
14 credit percentage so that the total amount of credits for such taxable
15 years shall be the maximum amount of credits allowed in the prior year
16 increased by the allowable growth percentage.

17 (3) If the school district taxes are paid by a corporation having an
18 election in effect under subchapter S of the Internal Revenue Code, a
19 partnership, a limited liability company, a trust, or an estate, the
20 amount of school district taxes paid during the taxable year ~~may shall~~ be
21 allocated to the shareholders, partners, members, or beneficiaries in the
22 same proportion that income is distributed for taxable years beginning or
23 deemed to begin before January 1, 2021, under the Internal Revenue Code
24 of 1986, as amended. The department shall provide forms and schedules
25 necessary for verifying eligibility for the credit provided in this
26 section and for allocating the school district taxes paid. For taxable
27 years beginning or deemed to begin on or after January 1, 2021, under the
28 Internal Revenue Code of 1986, as amended, the refundable credit shall be
29 claimed by the corporation having an election in effect under subchapter
30 S of the Internal Revenue Code, the partnership, the limited liability
31 company, the trust, or the estate that paid the school district taxes.

1 (4) For any fiscal year or short year taxpayer, the credit may be
2 claimed in the first taxable year that begins following the calendar year
3 for which the credit percentage was determined. The credit shall be taken
4 for the school district taxes paid by the taxpayer during the immediately
5 preceding calendar year.

6 (5) For the first taxable year beginning or deemed to begin on or
7 after January 1, 2021, and before January 1, 2022, under the Internal
8 Revenue Code of 1986, as amended, for a corporation having an election in
9 effect under subchapter S of the Internal Revenue Code, a partnership, a
10 limited liability company, a trust, or an estate that paid school
11 district taxes in calendar year 2020 but did not claim the credit
12 directly or allocate such school district taxes to the shareholders,
13 partners, members, or beneficiaries as permitted under subsection (3) of
14 this section, there shall be allowed an additional refundable credit.
15 This credit shall be equal to six percent, multiplied by the amount of
16 school district taxes paid during 2020 by the eligible taxpayer.

17 Sec. 2. This act becomes operative for all taxable years beginning
18 or deemed to begin on or after January 1, 2020, under the Internal
19 Revenue Code of 1986, as amended.

20 Sec. 3. Original section 77-6703, Revised Statutes Cumulative
21 Supplement, 2020, is repealed.

22 Sec. 4. Since an emergency exists, this act takes effect when
23 passed and approved according to law.