

LEGISLATURE OF NEBRASKA
ONE HUNDRED SEVENTH LEGISLATURE
SECOND SESSION

LEGISLATIVE BILL 1272

Introduced by Halloran, 33.

Read first time January 20, 2022

Committee: Revenue

1 A BILL FOR AN ACT relating to law enforcement officers; to amend section
2 85-2603, Revised Statutes Cumulative Supplement, 2020, and section
3 77-2715.07, Revised Statutes Supplement, 2021; to provide an income
4 tax credit based on years of service; to change provisions relating
5 to a waiver of tuition; to repeal the original sections; and to
6 declare an emergency.

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

1 Section 1. Section 77-2715.07, Revised Statutes Supplement, 2021, 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, 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 (6) 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, and before January 1, 2026, under the Internal Revenue
30 Code of 1986, as amended, a nonrefundable credit against the income tax
31 imposed by the Nebraska Revenue Act of 1967 in the amount of five

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

3 (i) Is located within an area that has been declared an extremely
4 blighted area under section 18-2101.02;

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, family member means an
20 individual's spouse, child, parent, brother, sister, grandchild, or
21 grandparent, whether by blood, marriage, or adoption.

22 (8) There shall be allowed to all individuals refundable credits
23 against the income tax imposed by the Nebraska Revenue Act of 1967 as
24 provided in the Nebraska Property Tax Incentive Act and the Renewable
25 Chemical Production Tax Credit Act.

26 (9)(a) For taxable years beginning or deemed to begin on or after
27 January 1, 2022, under the Internal Revenue Code of 1986, as amended, a
28 refundable credit against the income tax imposed by the Nebraska Revenue
29 Act of 1967 shall be allowed to the parent of a stillborn child if:

30 (i) A fetal death certificate is filed pursuant to subsection (1) of
31 section 71-606 for such child;

1 (ii) Such child had advanced to at least the twentieth week of
2 gestation; and

3 (iii) Such child would have been a dependent of the individual
4 claiming the credit.

5 (b) The amount of the credit shall be two thousand dollars.

6 (c) The credit shall be allowed for the taxable year in which the
7 stillbirth occurred.

8 (10)(a) For taxable years beginning or deemed to begin on or after
9 January 1, 2022, under the Internal Revenue Code of 1986, as amended, a
10 refundable credit against the income tax imposed by the Nebraska Revenue
11 Act of 1967 shall be allowed to law enforcement officers as follows:

12 (i) If the law enforcement officer has served for less than five
13 years, the credit shall be equal to two hundred fifty dollars;

14 (ii) If the law enforcement officer has served for at least five
15 years but less than ten years, the credit shall be equal to five hundred
16 dollars;

17 (iii) If the law enforcement officer has served for at least ten
18 years but less than fifteen years, the credit shall be equal to seven
19 hundred fifty dollars;

20 (iv) If the law enforcement officer has served for at least fifteen
21 years but less than twenty years, the credit shall be equal to one
22 thousand dollars;

23 (v) If the law enforcement officer has served for at least twenty
24 years but less than twenty-five years, the credit shall be equal to one
25 thousand five hundred dollars;

26 (vi) If the law enforcement officer has served for at least twenty-
27 five years but less than thirty years, the credit shall be equal to two
28 thousand dollars; and

29 (vii) If the law enforcement officer has served for at least thirty
30 years, the credit shall be equal to two thousand five hundred dollars.

31 (b) For purposes of this subsection, law enforcement officer has the

1 same meaning as in section 81-1401.

2 Sec. 2. Section 85-2603, Revised Statutes Cumulative Supplement,
3 2020, is amended to read:

4 85-2603 (1) A law enforcement officer shall be entitled to a waiver
5 of one hundred thirty percent of the resident tuition charges of any
6 state university, state college, or community college if the officer:

7 (a) Maintains satisfactory performance with his or her law
8 enforcement agency;

9 (b) Meets all admission requirements of the state university, state
10 college, or community college; and

11 (c) Pursues studies leading to a degree that relates to a career in
12 law enforcement from an associate degree program or a baccalaureate
13 degree program.

14 The officer may receive the tuition waiver for up to five years if
15 he or she otherwise continues to be eligible for participation.

16 (2) The state university, state college, or community college shall
17 waive one hundred thirty percent of the officer's tuition remaining due
18 after subtracting awarded federal financial aid grants and state
19 scholarships and grants for an eligible law enforcement officer during
20 the time the officer is enrolled. To remain eligible, the officer must
21 comply with all requirements of the institution for continued attendance
22 and award of an associate degree or a baccalaureate degree.

23 (3) An application for the tuition waiver shall include a
24 verification of the law enforcement officer's satisfactory performance as
25 a law enforcement officer. It shall be the responsibility of the officer
26 to obtain a certificate of verification from his or her superior officer
27 in such officer's law enforcement agency attesting to such officer's
28 satisfactory performance. The officer shall include the certificate of
29 verification when applying to the state university, state college, or
30 community college in order to obtain tuition waiver upon initial
31 enrollment.

1 (4) Within forty-five days after receipt of a completed application,
2 the state university, state college, or community college shall send
3 written notice of the law enforcement officer's eligibility or
4 ineligibility for the tuition waiver. If the officer is determined not to
5 be eligible for the tuition waiver, the notice shall include the reason
6 or reasons for such determination and an indication that an appeal of the
7 determination may be made pursuant to the Administrative Procedure Act.

8 Sec. 3. Original section 85-2603, Revised Statutes Cumulative
9 Supplement, 2020, and section 77-2715.07, Revised Statutes Supplement,
10 2021, are repealed.

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