

LEGISLATURE OF NEBRASKA
ONE HUNDRED SEVENTH LEGISLATURE
SECOND SESSION

LEGISLATIVE BILL 730

Introduced by Lindstrom, 18.

Read first time January 05, 2022

Committee: Revenue

1 A BILL FOR AN ACT relating to revenue and taxation; to amend sections
2 77-2717 and 77-2734.03, Revised Statutes Cumulative Supplement,
3 2020, and section 77-2715.07, Revised Statutes Supplement, 2021; to
4 adopt the Growing Our Workforce Investment Now Act; to provide tax
5 credits; to harmonize provisions; and to repeal the original
6 sections.

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

1 Section 1. Sections 1 to 5 of this act shall be known and may be
2 cited as the Growing Our Workforce Investment Now Act.

3 Sec. 2. For purposes of the Growing Our Workforce Investment Now
4 Act:

5 (1) Department means the Department of Revenue;

6 (2) Industry-recognized, when used with respect to a credential,
7 means a credential that:

8 (a) Is sought or accepted by businesses within the industry or
9 sector involved as a recognized, preferred, or required credential for
10 determining occupational proficiency; and

11 (b) Is endorsed by a nationally recognized industry association or
12 organization representing a significant part of the industry or sector,
13 if such an association or organization exists;

14 (3) Nationally portable, when used with respect to a credential,
15 means a credential that is sought or accepted in multiple states by
16 businesses within the industry or sector involved as a recognized,
17 preferred, or required credential for recruitment, screening, or hiring
18 purposes;

19 (4) Occupational skills training program means a program of training
20 that combines structured learning with on-the-job training and leads to
21 an industry-recognized and nationally portable postsecondary credential
22 upon completion;

23 (5) Qualified apprentice means an individual working as an
24 apprentice pursuant to an apprentice agreement registered with the Office
25 of Apprenticeship of the Employment and Training Administration of the
26 United States Department of Labor; and

27 (6) Qualified trainee means a trainee in an occupational skills
28 training program.

29 Sec. 3. (1) An employer that employs a qualified apprentice or
30 qualified trainee for at least seven months of the taxable year shall be
31 allowed a nonrefundable credit against the income tax imposed by the

1 Nebraska Revenue Act of 1967. The credit shall be equal to one thousand
2 dollars for each such qualified apprentice or qualified trainee employed
3 by the employer.

4 (2) The credit shall not be claimed with respect to the same
5 qualified apprentice or qualified trainee for more than four taxable
6 years.

7 Sec. 4. (1) The credit provided in section 3 of this act shall
8 apply to qualified apprentices and qualified trainees who begin their
9 apprenticeship or occupational skills training program on or after the
10 effective date of this act.

11 (2) The department shall prescribe a form for employers to use in
12 claiming the credit.

13 Sec. 5. The department may adopt and promulgate rules and
14 regulations to carry out the Growing Our Workforce Investment Now Act.

15 Sec. 6. Section 77-2715.07, Revised Statutes Supplement, 2021, is
16 amended to read:

17 77-2715.07 (1) There shall be allowed to qualified resident
18 individuals as a nonrefundable credit against the income tax imposed by
19 the Nebraska Revenue Act of 1967:

20 (a) A credit equal to the federal credit allowed under section 22 of
21 the Internal Revenue Code; and

22 (b) A credit for taxes paid to another state as provided in section
23 77-2730.

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

26 (a) For returns filed reporting federal adjusted gross incomes of
27 greater than twenty-nine thousand dollars, a nonrefundable credit equal
28 to twenty-five percent of the federal credit allowed under section 21 of
29 the Internal Revenue Code of 1986, as amended, except that for taxable
30 years beginning or deemed to begin on or after January 1, 2015, such
31 nonrefundable credit shall be allowed only if the individual would have

1 received the federal credit allowed under section 21 of the code after
2 adding back in any carryforward of a net operating loss that was deducted
3 pursuant to such section in determining eligibility for the federal
4 credit;

5 (b) For returns filed reporting federal adjusted gross income of
6 twenty-nine thousand dollars or less, a refundable credit equal to a
7 percentage of the federal credit allowable under section 21 of the
8 Internal Revenue Code of 1986, as amended, whether or not the federal
9 credit was limited by the federal tax liability. The percentage of the
10 federal credit shall be one hundred percent for incomes not greater than
11 twenty-two thousand dollars, and the percentage shall be reduced by ten
12 percent for each one thousand dollars, or fraction thereof, by which the
13 reported federal adjusted gross income exceeds twenty-two thousand
14 dollars, except that for taxable years beginning or deemed to begin on or
15 after January 1, 2015, such refundable credit shall be allowed only if
16 the individual would have received the federal credit allowed under
17 section 21 of the code after adding back in any carryforward of a net
18 operating loss that was deducted pursuant to such section in determining
19 eligibility for the federal credit;

20 (c) A refundable credit as provided in section 77-5209.01 for
21 individuals who qualify for an income tax credit as a qualified beginning
22 farmer or livestock producer under the Beginning Farmer Tax Credit Act
23 for all taxable years beginning or deemed to begin on or after January 1,
24 2006, under the Internal Revenue Code of 1986, as amended;

25 (d) A refundable credit for individuals who qualify for an income
26 tax credit under the Angel Investment Tax Credit Act, the Nebraska
27 Advantage Microenterprise Tax Credit Act, the Nebraska Advantage Research
28 and Development Act, or the Volunteer Emergency Responders Incentive Act;
29 and

30 (e) A refundable credit equal to ten percent of the federal credit
31 allowed under section 32 of the Internal Revenue Code of 1986, as

1 amended, except that for taxable years beginning or deemed to begin on or
2 after January 1, 2015, such refundable credit shall be allowed only if
3 the individual would have received the federal credit allowed under
4 section 32 of the code after adding back in any carryforward of a net
5 operating loss that was deducted pursuant to such section in determining
6 eligibility for the federal credit.

7 (3) There shall be allowed to all individuals as a nonrefundable
8 credit against the income tax imposed by the Nebraska Revenue Act of
9 1967:

10 (a) A credit for personal exemptions allowed under section
11 77-2716.01;

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

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

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

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

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

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

28 (h) A credit as provided in the Growing Our Workforce Investment Now
29 Act.

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

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

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

6 (c) A refundable credit for individuals who qualify for an income
7 tax credit as an owner of agricultural assets under the Beginning Farmer
8 Tax Credit Act for all taxable years beginning or deemed to begin on or
9 after January 1, 2009, under the Internal Revenue Code of 1986, as
10 amended. The credit allowed for each partner, shareholder, member, or
11 beneficiary of a partnership, corporation, limited liability company, or
12 estate or trust qualifying for an income tax credit as an owner of
13 agricultural assets under the Beginning Farmer Tax Credit Act shall be
14 equal to the partner's, shareholder's, member's, or beneficiary's portion
15 of the amount of tax credit distributed pursuant to subsection (6) of
16 section 77-5211.

17 (5)(a) For all taxable years beginning on or after January 1, 2007,
18 and before January 1, 2009, under the Internal Revenue Code of 1986, as
19 amended, there shall be allowed to each partner, shareholder, member, or
20 beneficiary of a partnership, subchapter S corporation, limited liability
21 company, or estate or trust a nonrefundable credit against the income tax
22 imposed by the Nebraska Revenue Act of 1967 equal to fifty percent of the
23 partner's, shareholder's, member's, or beneficiary's portion of the
24 amount of franchise tax paid to the state under sections 77-3801 to
25 77-3807 by a financial institution.

26 (b) For all taxable years beginning on or after January 1, 2009,
27 under the Internal Revenue Code of 1986, as amended, there shall be
28 allowed to each partner, shareholder, member, or beneficiary of a
29 partnership, subchapter S corporation, limited liability company, or
30 estate or trust a nonrefundable credit against the income tax imposed by
31 the Nebraska Revenue Act of 1967 equal to the partner's, shareholder's,

1 member's, or beneficiary's portion of the amount of franchise tax paid to
2 the state under sections 77-3801 to 77-3807 by a financial institution.

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

9 (6) There shall be allowed to all individuals nonrefundable credits
10 against the income tax imposed by the Nebraska Revenue Act of 1967 as
11 provided in section 77-3604 and refundable credits against the income tax
12 imposed by the Nebraska Revenue Act of 1967 as provided in section
13 77-3605.

14 (7)(a) For taxable years beginning or deemed to begin on or after
15 January 1, 2020, and before January 1, 2026, under the Internal Revenue
16 Code of 1986, as amended, a nonrefundable credit against the income tax
17 imposed by the Nebraska Revenue Act of 1967 in the amount of five
18 thousand dollars shall be allowed to any individual who purchases a
19 residence during the taxable year if such residence:

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

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

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

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

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

31 (d) The credit provided in this subsection shall be subject to

1 recapture by the Department of Revenue if the individual claiming the
2 credit sells or otherwise transfers the residence or quits using the
3 residence as his or her primary residence within five years after the end
4 of the taxable year in which the credit was claimed.

5 (e) For purposes of this subsection, family member means an
6 individual's spouse, child, parent, brother, sister, grandchild, or
7 grandparent, whether by blood, marriage, or adoption.

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

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

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

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

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

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

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

25 Sec. 7. Section 77-2717, Revised Statutes Cumulative Supplement,
26 2020, is amended to read:

27 77-2717 (1)(a)(i) For taxable years beginning or deemed to begin
28 before January 1, 2014, the tax imposed on all resident estates and
29 trusts shall be a percentage of the federal taxable income of such
30 estates and trusts as modified in section 77-2716, plus a percentage of
31 the federal alternative minimum tax and the federal tax on premature or

1 lump-sum distributions from qualified retirement plans. The additional
2 taxes shall be recomputed by (A) substituting Nebraska taxable income for
3 federal taxable income, (B) calculating what the federal alternative
4 minimum tax would be on Nebraska taxable income and adjusting such
5 calculations for any items which are reflected differently in the
6 determination of federal taxable income, and (C) applying Nebraska rates
7 to the result. The federal credit for prior year minimum tax, after the
8 recomputations required by the Nebraska Revenue Act of 1967, and the
9 credits provided in the Nebraska Advantage Microenterprise Tax Credit Act
10 and the Nebraska Advantage Research and Development Act shall be allowed
11 as a reduction in the income tax due. A refundable income tax credit
12 shall be allowed for all resident estates and trusts under the Angel
13 Investment Tax Credit Act, the Nebraska Advantage Microenterprise Tax
14 Credit Act, and the Nebraska Advantage Research and Development Act. A
15 nonrefundable income tax credit shall be allowed for all resident estates
16 and trusts as provided in the New Markets Job Growth Investment Act.

17 (ii) For taxable years beginning or deemed to begin on or after
18 January 1, 2014, the tax imposed on all resident estates and trusts shall
19 be a percentage of the federal taxable income of such estates and trusts
20 as modified in section 77-2716, plus a percentage of the federal tax on
21 premature or lump-sum distributions from qualified retirement plans. The
22 additional taxes shall be recomputed by substituting Nebraska taxable
23 income for federal taxable income and applying Nebraska rates to the
24 result. The credits provided in the Nebraska Advantage Microenterprise
25 Tax Credit Act and the Nebraska Advantage Research and Development Act
26 shall be allowed as a reduction in the income tax due. A refundable
27 income tax credit shall be allowed for all resident estates and trusts
28 under the Angel Investment Tax Credit Act, the Nebraska Advantage
29 Microenterprise Tax Credit Act, the Nebraska Advantage Research and
30 Development Act, the Nebraska Property Tax Incentive Act, and the
31 Renewable Chemical Production Tax Credit Act. A nonrefundable income tax

1 credit shall be allowed for all resident estates and trusts as provided
2 in the Nebraska Job Creation and Mainstreet Revitalization Act, the New
3 Markets Job Growth Investment Act, the School Readiness Tax Credit Act,
4 the Affordable Housing Tax Credit Act, the Growing Our Workforce
5 Investment Now Act, and section 77-27,238.

6 (b) The tax imposed on all nonresident estates and trusts shall be
7 the portion of the tax imposed on resident estates and trusts which is
8 attributable to the income derived from sources within this state. The
9 tax which is attributable to income derived from sources within this
10 state shall be determined by multiplying the liability to this state for
11 a resident estate or trust with the same total income by a fraction, the
12 numerator of which is the nonresident estate's or trust's Nebraska income
13 as determined by sections 77-2724 and 77-2725 and the denominator of
14 which is its total federal income after first adjusting each by the
15 amounts provided in section 77-2716. The federal credit for prior year
16 minimum tax, after the recomputations required by the Nebraska Revenue
17 Act of 1967, reduced by the percentage of the total income which is
18 attributable to income from sources outside this state, and the credits
19 provided in the Nebraska Advantage Microenterprise Tax Credit Act and the
20 Nebraska Advantage Research and Development Act shall be allowed as a
21 reduction in the income tax due. A refundable income tax credit shall be
22 allowed for all nonresident estates and trusts under the Angel Investment
23 Tax Credit Act, the Nebraska Advantage Microenterprise Tax Credit Act,
24 the Nebraska Advantage Research and Development Act, the Nebraska
25 Property Tax Incentive Act, and the Renewable Chemical Production Tax
26 Credit Act. A nonrefundable income tax credit shall be allowed for all
27 nonresident estates and trusts as provided in the Nebraska Job Creation
28 and Mainstreet Revitalization Act, the New Markets Job Growth Investment
29 Act, the School Readiness Tax Credit Act, the Affordable Housing Tax
30 Credit Act, the Growing Our Workforce Investment Now Act, and section
31 77-27,238.

1 (2) In all instances wherein a fiduciary income tax return is
2 required under the provisions of the Internal Revenue Code, a Nebraska
3 fiduciary return shall be filed, except that a fiduciary return shall not
4 be required to be filed regarding a simple trust if all of the trust's
5 beneficiaries are residents of the State of Nebraska, all of the trust's
6 income is derived from sources in this state, and the trust has no
7 federal tax liability. The fiduciary shall be responsible for making the
8 return for the estate or trust for which he or she acts, whether the
9 income be taxable to the estate or trust or to the beneficiaries thereof.
10 The fiduciary shall include in the return a statement of each
11 beneficiary's distributive share of net income when such income is
12 taxable to such beneficiaries.

13 (3) The beneficiaries of such estate or trust who are residents of
14 this state shall include in their income their proportionate share of
15 such estate's or trust's federal income and shall reduce their Nebraska
16 tax liability by their proportionate share of the credits as provided in
17 the Angel Investment Tax Credit Act, the Nebraska Advantage
18 Microenterprise Tax Credit Act, the Nebraska Advantage Research and
19 Development Act, the Nebraska Job Creation and Mainstreet Revitalization
20 Act, the New Markets Job Growth Investment Act, the School Readiness Tax
21 Credit Act, the Affordable Housing Tax Credit Act, the Nebraska Property
22 Tax Incentive Act, the Renewable Chemical Production Tax Credit Act, the
23 Growing Our Workforce Investment Now Act, and section 77-27,238. There
24 shall be allowed to a beneficiary a refundable income tax credit under
25 the Beginning Farmer Tax Credit Act for all taxable years beginning or
26 deemed to begin on or after January 1, 2001, under the Internal Revenue
27 Code of 1986, as amended.

28 (4) If any beneficiary of such estate or trust is a nonresident
29 during any part of the estate's or trust's taxable year, he or she shall
30 file a Nebraska income tax return which shall include (a) in Nebraska
31 adjusted gross income that portion of the estate's or trust's Nebraska

1 income, as determined under sections 77-2724 and 77-2725, allocable to
2 his or her interest in the estate or trust and (b) a reduction of the
3 Nebraska tax liability by his or her proportionate share of the credits
4 as provided in the Angel Investment Tax Credit Act, the Nebraska
5 Advantage Microenterprise Tax Credit Act, the Nebraska Advantage Research
6 and Development Act, the Nebraska Job Creation and Mainstreet
7 Revitalization Act, the New Markets Job Growth Investment Act, the School
8 Readiness Tax Credit Act, the Affordable Housing Tax Credit Act, the
9 Nebraska Property Tax Incentive Act, the Renewable Chemical Production
10 Tax Credit Act, the Growing Our Workforce Investment Now Act, and section
11 77-27,238 and shall execute and forward to the fiduciary, on or before
12 the original due date of the Nebraska fiduciary return, an agreement
13 which states that he or she will file a Nebraska income tax return and
14 pay income tax on all income derived from or connected with sources in
15 this state, and such agreement shall be attached to the Nebraska
16 fiduciary return for such taxable year.

17 (5) In the absence of the nonresident beneficiary's executed
18 agreement being attached to the Nebraska fiduciary return, the estate or
19 trust shall remit a portion of such beneficiary's income which was
20 derived from or attributable to Nebraska sources with its Nebraska return
21 for the taxable year. For taxable years beginning or deemed to begin
22 before January 1, 2013, the amount of remittance, in such instance, shall
23 be the highest individual income tax rate determined under section
24 77-2715.02 multiplied by the nonresident beneficiary's share of the
25 estate or trust income which was derived from or attributable to sources
26 within this state. For taxable years beginning or deemed to begin on or
27 after January 1, 2013, the amount of remittance, in such instance, shall
28 be the highest individual income tax rate determined under section
29 77-2715.03 multiplied by the nonresident beneficiary's share of the
30 estate or trust income which was derived from or attributable to sources
31 within this state. The amount remitted shall be allowed as a credit

1 against the Nebraska income tax liability of the beneficiary.

2 (6) The Tax Commissioner may allow a nonresident beneficiary to not
3 file a Nebraska income tax return if the nonresident beneficiary's only
4 source of Nebraska income was his or her share of the estate's or trust's
5 income which was derived from or attributable to sources within this
6 state, the nonresident did not file an agreement to file a Nebraska
7 income tax return, and the estate or trust has remitted the amount
8 required by subsection (5) of this section on behalf of such nonresident
9 beneficiary. The amount remitted shall be retained in satisfaction of the
10 Nebraska income tax liability of the nonresident beneficiary.

11 (7) For purposes of this section, unless the context otherwise
12 requires, simple trust shall mean any trust instrument which (a) requires
13 that all income shall be distributed currently to the beneficiaries, (b)
14 does not allow amounts to be paid, permanently set aside, or used in the
15 tax year for charitable purposes, and (c) does not distribute amounts
16 allocated in the corpus of the trust. Any trust which does not qualify as
17 a simple trust shall be deemed a complex trust.

18 (8) For purposes of this section, any beneficiary of an estate or
19 trust that is a grantor trust of a nonresident shall be disregarded and
20 this section shall apply as though the nonresident grantor was the
21 beneficiary.

22 Sec. 8. Section 77-2734.03, Revised Statutes Cumulative Supplement,
23 2020, is amended to read:

24 77-2734.03 (1)(a) For taxable years commencing prior to January 1,
25 1997, any (i) insurer paying a tax on premiums and assessments pursuant
26 to section 77-908 or 81-523, (ii) electric cooperative organized under
27 the Joint Public Power Authority Act, or (iii) credit union shall be
28 credited, in the computation of the tax due under the Nebraska Revenue
29 Act of 1967, with the amount paid during the taxable year as taxes on
30 such premiums and assessments and taxes in lieu of intangible tax.

31 (b) For taxable years commencing on or after January 1, 1997, any

1 insurer paying a tax on premiums and assessments pursuant to section
2 77-908 or 81-523, any electric cooperative organized under the Joint
3 Public Power Authority Act, or any credit union shall be credited, in the
4 computation of the tax due under the Nebraska Revenue Act of 1967, with
5 the amount paid during the taxable year as (i) taxes on such premiums and
6 assessments included as Nebraska premiums and assessments under section
7 77-2734.05 and (ii) taxes in lieu of intangible tax.

8 (c) For taxable years commencing or deemed to commence prior to, on,
9 or after January 1, 1998, any insurer paying a tax on premiums and
10 assessments pursuant to section 77-908 or 81-523 shall be credited, in
11 the computation of the tax due under the Nebraska Revenue Act of 1967,
12 with the amount paid during the taxable year as assessments allowed as an
13 offset against premium and related retaliatory tax liability pursuant to
14 section 44-4233.

15 (2) There shall be allowed to corporate taxpayers a tax credit for
16 contributions to community betterment programs as provided in the
17 Community Development Assistance Act.

18 (3) There shall be allowed to corporate taxpayers a refundable
19 income tax credit under the Beginning Farmer Tax Credit Act for all
20 taxable years beginning or deemed to begin on or after January 1, 2001,
21 under the Internal Revenue Code of 1986, as amended.

22 (4) The changes made to this section by Laws 2004, LB 983, apply to
23 motor fuels purchased during any tax year ending or deemed to end on or
24 after January 1, 2005, under the Internal Revenue Code of 1986, as
25 amended.

26 (5) There shall be allowed to corporate taxpayers refundable income
27 tax credits under the Nebraska Advantage Microenterprise Tax Credit Act,
28 the Nebraska Advantage Research and Development Act, the Nebraska
29 Property Tax Incentive Act, and the Renewable Chemical Production Tax
30 Credit Act.

31 (6) There shall be allowed to corporate taxpayers a nonrefundable

1 income tax credit for investment in a biodiesel facility as provided in
2 section 77-27,236.

3 (7) There shall be allowed to corporate taxpayers a nonrefundable
4 income tax credit as provided in the Nebraska Job Creation and Mainstreet
5 Revitalization Act, the New Markets Job Growth Investment Act, the School
6 Readiness Tax Credit Act, the Affordable Housing Tax Credit Act, the
7 Growing Our Workforce Investment Now Act, and section 77-27,238.

8 Sec. 9. Original sections 77-2717 and 77-2734.03, Revised Statutes
9 Cumulative Supplement, 2020, and section 77-2715.07, Revised Statutes
10 Supplement, 2021, are repealed.