

LEGISLATURE OF NEBRASKA  
ONE HUNDRED SEVENTH LEGISLATURE  
SECOND SESSION

**LEGISLATIVE BILL 951**

Introduced by Cavanaugh, J., 9.

Read first time January 10, 2022

Committee: Revenue

- 1 A BILL FOR AN ACT relating to income taxes; to amend section 77-2715.07,
- 2 Revised Statutes Supplement, 2021; to increase the earned income tax
- 3 credit as prescribed; and to repeal the original section.
- 4 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)(i) ~~(e)~~ A refundable credit equal to:

17 (A) Ten ten percent of the federal credit allowed under section 32  
18 of the Internal Revenue Code of 1986, as amended, for taxable years  
19 beginning or deemed to begin before January 1, 2023; and

20 (B) Seventeen percent of the federal credit allowed under section 32  
21 of the Internal Revenue Code of 1986, as amended, for taxable years  
22 beginning or deemed to begin on or after January 1, 2023.

23 (ii) ~~For except that for~~ taxable years beginning or deemed to begin  
24 on or after January 1, 2015, ~~the such~~ refundable credit provided in  
25 subdivision (2)(e)(i) of this section shall be allowed only if the  
26 individual would have received the federal credit allowed under section  
27 32 of the code after adding back in any carryforward of a net operating  
28 loss that was deducted pursuant to such section in determining  
29 eligibility for the federal credit.

30 (3) There shall be allowed to all individuals as a nonrefundable  
31 credit against the income tax imposed by the Nebraska Revenue Act of

1 1967:

2 (a) A credit for personal exemptions allowed under section  
3 77-2716.01;

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

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

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

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

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

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

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

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

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

26 (c) A refundable credit for individuals who qualify for an income  
27 tax credit as an owner of agricultural assets under the Beginning Farmer  
28 Tax Credit Act for all taxable years beginning or deemed to begin on or  
29 after January 1, 2009, under the Internal Revenue Code of 1986, as  
30 amended. The credit allowed for each partner, shareholder, member, or  
31 beneficiary of a partnership, corporation, limited liability company, or

1 estate or trust qualifying for an income tax credit as an owner of  
2 agricultural assets under the Beginning Farmer Tax Credit Act shall be  
3 equal to the partner's, shareholder's, member's, or beneficiary's portion  
4 of the amount of tax credit distributed pursuant to subsection (6) of  
5 section 77-5211.

6 (5)(a) For all taxable years beginning on or after January 1, 2007,  
7 and before January 1, 2009, under the Internal Revenue Code of 1986, as  
8 amended, there shall be allowed to each partner, shareholder, member, or  
9 beneficiary of a partnership, subchapter S corporation, limited liability  
10 company, or estate or trust a nonrefundable credit against the income tax  
11 imposed by the Nebraska Revenue Act of 1967 equal to fifty percent of the  
12 partner's, shareholder's, member's, or beneficiary's portion of the  
13 amount of franchise tax paid to the state under sections 77-3801 to  
14 77-3807 by a financial institution.

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

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

29 (6) There shall be allowed to all individuals nonrefundable credits  
30 against the income tax imposed by the Nebraska Revenue Act of 1967 as  
31 provided in section 77-3604 and refundable credits against the income tax

1 imposed by the Nebraska Revenue Act of 1967 as provided in section  
2 77-3605.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

14           Sec. 2. Original section 77-2715.07, Revised Statutes Supplement,  
15 2021, is repealed.