

AMENDMENTS TO LB754

Introduced by Revenue.

1           1. Strike the original sections and insert the following new  
2 sections:

3           Section 1. Sections 1 to 5 of this act shall be known and may be  
4 cited as the Child Care Tax Credit Act.

5           Sec. 2. For purposes of the Child Care Tax Credit Act:

6           (1) Child means an individual who is five years of age or less;

7           (2) Department means the Department of Revenue;

8           (3) Eligible program means a program that is licensed as a family  
9 child care home I, family child care home II, child care center, or  
10 preschool and operates as a for-profit child care business or is a  
11 nonprofit organization under the Internal Revenue Code of 1986, as  
12 amended;

13           (4) Intermediary means any organization that distributes funds for  
14 the purpose of supporting an eligible program;

15           (5) Parent or legal guardian means an individual who claims a child  
16 as a dependent for federal income tax purposes;

17           (6) Qualifying contribution means a contribution in the form of  
18 cash, check, cash equivalent, agricultural commodity, livestock, or  
19 publicly traded security that is made:

20           (a) For the establishment or operation of an eligible program;

21           (b) For the establishment of a grant or loan program for parents  
22 requiring financial assistance for an eligible program;

23           (c) To an early childhood collaborative or another intermediary to  
24 provide training, technical assistance, or mentorship to child care  
25 providers;

26           (d) For the establishment or ongoing costs of an information  
27 dissemination program that assists parents with information and referral

1 services for child care;

2 (e) To a for-profit child care business, including family home  
3 providers. The for-profit child care business must use the proceeds of a  
4 qualifying contribution for (i) the acquisition or improvement of child  
5 care facilities, (ii) the acquisition of equipment, (iii) providing  
6 services, or (iv) employee retention; or

7 (f) To an intermediary for the establishment or operation of an  
8 eligible program or for the establishment of a grant or loan program for  
9 parents requiring financial assistance for an eligible program;

10 (7) Taxpayer means any person subject to the income tax imposed by  
11 the Nebraska Revenue Act of 1986. The term includes resident and  
12 nonresident individuals, estates, trusts, and corporations; and

13 (8) Total household income means federal modified adjusted gross  
14 income.

15 Sec. 3. (1) For taxable years beginning or deemed to begin on or  
16 after January 1, 2024, under the Internal Revenue Code of 1986, as  
17 amended, a parent or legal guardian shall be eligible to receive a credit  
18 against the income tax imposed by the Nebraska Revenue Act of 1967 if:

19 (a) The parent's or legal guardian's child is enrolled in a child  
20 care program licensed pursuant to the Child Care Licensing Act;

21 (b) The parent's or legal guardian's child receives care from an  
22 approved license-exempt provider enrolled in the child care subsidy  
23 program pursuant to sections 68-1202 and 68-1206; or

24 (c) The parent's or legal guardian's total household income is less  
25 than or equal to one hundred percent of the federal poverty level.

26 (2) The credit provided in this section shall be a refundable tax  
27 credit equal to:

28 (a) Two thousand dollars per child if the parent's or legal  
29 guardian's total household income is no more than seventy-five thousand  
30 dollars; or

31 (b) One thousand dollars per child if the parent's or legal

1 guardian's total household income is more than seventy-five thousand  
2 dollars but no more than one hundred fifty thousand dollars.

3 (3) A parent or legal guardian shall not be eligible for a credit  
4 under this section if the parent's or legal guardian's total household  
5 income is more than one hundred fifty thousand dollars.

6 (4) A parent or legal guardian shall apply for the credit provided  
7 in this section by submitting an application to the department with the  
8 following information:

9 (a) The number of children for which the parent or legal guardian is  
10 claiming a credit;

11 (b) Documentation of the parent's or legal guardian's total  
12 household income; and

13 (c) Any other documentation required by the department.

14 (5) Subject to subsection (6) of this section, if the department  
15 determines that the parent or legal guardian qualifies for tax credits  
16 under this section, the department shall approve the application and  
17 certify the amount of credits approved to the parent or legal guardian.

18 (6) The department shall consider applications in the order in which  
19 they are received and may approve tax credits under this section each  
20 year until the total amount of credits approved for the year equals  
21 fifteen million dollars.

22 Sec. 4. (1) For taxable years beginning or deemed to begin on or  
23 after January 1, 2024, under the Internal Revenue Code of 1986, as  
24 amended, any taxpayer who makes a qualifying contribution during the  
25 taxable year shall be eligible to receive a credit against the income tax  
26 imposed by the Nebraska Revenue Act of 1967.

27 (2) The credit provided in this section shall be a nonrefundable  
28 credit equal to either one hundred percent or seventy-five percent of the  
29 taxpayer's qualifying contribution made during the taxable year, except  
30 that the credit for a taxpayer shall not exceed one hundred thousand  
31 dollars for any single taxable year.

1       (3) The credit shall be equal to one hundred percent of the  
2 qualifying contribution if:

3       (a) The eligible program that receives the contribution has a  
4 physical presence in an opportunity zone in this state designated  
5 pursuant to the federal Tax Cuts and Jobs Act, Public Law 115-97; or

6       (b) The eligible program that receives the contribution has at least  
7 one child enrolled in the child care subsidy program established pursuant  
8 to sections 68-1202 and 68-1206 and the child care provider is actively  
9 caring and billing for the child as verified by the Department of Health  
10 and Human Services. Attracting child care providers into the child care  
11 subsidy program and retaining providers in the program are directly  
12 connected to the administration of the program. Verifying that the child  
13 care provider is actively caring and billing for an eligible child is in  
14 furtherance of the child care subsidy program. The Department of Revenue  
15 shall not use any verification information obtained from the Department  
16 of Health and Human Services except for purposes directly connected with  
17 the administration of the Child Care Tax Credit Act.

18       (4) The credit shall be equal to seventy-five percent of the  
19 qualifying contribution if subsection (3) of this section does not apply.

20       (5) A taxpayer shall not be eligible for the credit provided in this  
21 section if the taxpayer claimed a charitable contribution deduction for  
22 the qualifying contribution on the taxpayer's federal income tax return.

23       (6) A taxpayer shall apply for the credit provided in this section  
24 by submitting an application to the department with the following  
25 information:

26       (a) Documentation to show that the contribution is a qualifying  
27 contribution; and

28       (b) Any other documentation required by the department.

29       (7) Subject to subsection (8) of this section, if the department  
30 determines that the taxpayer qualifies for tax credits under this  
31 section, the department shall approve the application and certify the

1 amount of credits approved to the taxpayer.

2 (8) The department shall consider applications in the order in which  
3 they are received and may approve tax credits under this section each  
4 year until the total amount of credits approved for the year equals ten  
5 million dollars.

6 (9) If a taxpayer's credit under this section exceeds the total tax  
7 due, the taxpayer may carry forward the excess credit for up to five  
8 taxable years after the taxable year in which the credit was first  
9 allowed, but the taxpayer must use the carryover credit in the earliest  
10 taxable year possible.

11 (10) A contribution shall not qualify for a credit under this  
12 section if the contribution is made to a child care provider in which the  
13 taxpayer or a person related to the taxpayer has a financial interest,  
14 unless the contribution is part of a bona fide arm's length transaction.

15 Sec. 5. The department may adopt and promulgate rules and  
16 regulations to carry out the Child Care Tax Credit Act.

17 Sec. 6. Section 71-1962, Revised Statutes Cumulative Supplement,  
18 2022, is amended to read:

19 71-1962 (1) Not later than March 1, 2014, the State Department of  
20 Education shall create and operate the Nebraska Early Childhood  
21 Professional Record System. The system shall be designed in order to:

22 (a) Establish a database of Nebraska's early childhood education  
23 workforce;

24 (b) Verify educational degrees and professional credentials held and  
25 relevant training completed by employees of participating applicable  
26 child care and early childhood education programs; and

27 (c) Provide such information to the Department of Health and Human  
28 Services for use in evaluating applications to be rated at a step above  
29 step one under section 71-1959.

30 (2) When an applicable child care or early childhood education  
31 program participating in the quality rating and improvement system

1 developed pursuant to section 71-1955 applies under section 71-1959 to be  
2 rated at a step above step one, the child care or early childhood  
3 education program shall report the educational degrees and professional  
4 credentials held and relevant training completed by its child care and  
5 early childhood education employees to the Nebraska Early Childhood  
6 Professional Record System for the program to be eligible for a quality  
7 scale rating above step one.

8 (3) Any child care or early childhood education provider residing or  
9 working in Nebraska may report his or her educational degrees and  
10 professional credentials held, relevant training completed, and work  
11 history to the Nebraska Early Childhood Professional Record System.

12 (4) The State Department of Education shall develop a classification  
13 system for all eligible staff members as defined in section 77-3603 who  
14 are employees of or who are self-employed individuals providing services  
15 for applicable child care and early childhood education programs listed  
16 in the Nebraska Early Childhood Professional Record System. The  
17 classification system shall be based on the eligible staff members'  
18 educational attainment degrees ~~and professional credentials held,~~  
19 relevant training completed, and work history and shall be made up of  
20 five ~~four~~ levels, with level one being the least qualified and level five  
21 ~~four~~ being the most qualified. In order to meet the minimum qualification  
22 for classification as level one, an eligible staff member must be  
23 employed with, or be a self-employed individual providing services for,  
24 an eligible program as defined in section 77-3603 and complete at least  
25 twelve hours of in-service training at a licensed child care facility.  
26 ~~The minimum qualification for an eligible staff member to be classified~~  
27 ~~as level one shall be a Child Development Associate Credential or a one-~~  
28 ~~year certificate or diploma in early childhood education or child~~  
29 ~~development.~~ The classification system shall be used for purposes of the  
30 tax credit granted in section 77-3605 under the School Readiness Tax  
31 Credit Act.

1           Sec. 7. Section 77-2701, Revised Statutes Cumulative Supplement,  
2 2022, is amended to read:

3           77-2701 Sections 77-2701 to 77-27,135.01, 77-27,222, 77-27,235,  
4 77-27,236, and 77-27,238 to 77-27,240 and section 12 of this act shall be  
5 known and may be cited as the Nebraska Revenue Act of 1967.

6           Sec. 9. Section 77-2715.07, Revised Statutes Cumulative Supplement,  
7 2022, is amended to read:

8           77-2715.07 (1) There shall be allowed to qualified resident  
9 individuals as a nonrefundable credit against the income tax imposed by  
10 the Nebraska Revenue Act of 1967:

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

13           (b) A credit for taxes paid to another state as provided in section  
14 77-2730.

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

17           (a) For returns filed reporting federal adjusted gross incomes of  
18 greater than twenty-nine thousand dollars, a nonrefundable credit equal  
19 to twenty-five percent of the federal credit allowed under section 21 of  
20 the Internal Revenue Code of 1986, as amended, except that for taxable  
21 years beginning or deemed to begin on or after January 1, 2015, such  
22 nonrefundable credit shall be allowed only if the individual would have  
23 received the federal credit allowed under section 21 of the code after  
24 adding back in any carryforward of a net operating loss that was deducted  
25 pursuant to such section in determining eligibility for the federal  
26 credit;

27           (b) For returns filed reporting federal adjusted gross income of  
28 twenty-nine thousand dollars or less, a refundable credit equal to a  
29 percentage of the federal credit allowable under section 21 of the  
30 Internal Revenue Code of 1986, as amended, whether or not the federal  
31 credit was limited by the federal tax liability. The percentage of the

1 federal credit shall be one hundred percent for incomes not greater than  
2 twenty-two thousand dollars, and the percentage shall be reduced by ten  
3 percent for each one thousand dollars, or fraction thereof, by which the  
4 reported federal adjusted gross income exceeds twenty-two thousand  
5 dollars, except that for taxable years beginning or deemed to begin on or  
6 after January 1, 2015, such refundable credit shall be allowed only if  
7 the individual would have received the federal credit allowed under  
8 section 21 of the code after adding back in any carryforward of a net  
9 operating loss that was deducted pursuant to such section in determining  
10 eligibility for the federal credit;

11 (c) A refundable credit as provided in section 77-5209.01 for  
12 individuals who qualify for an income tax credit as a qualified beginning  
13 farmer or livestock producer under the Beginning Farmer Tax Credit Act  
14 for all taxable years beginning or deemed to begin on or after January 1,  
15 2006, under the Internal Revenue Code of 1986, as amended;

16 (d) A refundable credit for individuals who qualify for an income  
17 tax credit under the Angel Investment Tax Credit Act, the Nebraska  
18 Advantage Microenterprise Tax Credit Act, the Nebraska Advantage Research  
19 and Development Act, or the Volunteer Emergency Responders Incentive Act;  
20 and

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

29 (3) There shall be allowed to all individuals as a nonrefundable  
30 credit against the income tax imposed by the Nebraska Revenue Act of  
31 1967:



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

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

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

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

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

16 (f) A credit to employers as provided in sections 77-27,238 and  
17 77-27,240; 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 Higher Blend Tax Credit Act, the Nebraska  
31 Property Tax Incentive Act, and the Renewable Chemical Production Tax

1 Credit Act.

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

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

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

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

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

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

15 (10) There shall be allowed to all individuals refundable credits  
16 against the income tax imposed by the Nebraska Revenue Act of 1967 as  
17 provided in section 3 of this act and nonrefundable credits against the  
18 income tax imposed by the Nebraska Revenue Act of 1967 as provided in  
19 section 4 of this act.

20 Sec. 10. Section 77-2716, Revised Statutes Cumulative Supplement,  
21 2022, is amended to read:

22 77-2716 (1) The following adjustments to federal adjusted gross  
23 income or, for corporations and fiduciaries, federal taxable income shall  
24 be made for interest or dividends received:

25 (a)(i) There shall be subtracted interest or dividends received by  
26 the owner of obligations of the United States and its territories and  
27 possessions or of any authority, commission, or instrumentality of the  
28 United States to the extent includable in gross income for federal income  
29 tax purposes but exempt from state income taxes under the laws of the  
30 United States; and

31 (ii) There shall be subtracted interest received by the owner of

1 obligations of the State of Nebraska or its political subdivisions or  
2 authorities which are Build America Bonds to the extent includable in  
3 gross income for federal income tax purposes;

4 (b) There shall be subtracted that portion of the total dividends  
5 and other income received from a regulated investment company which is  
6 attributable to obligations described in subdivision (a) of this  
7 subsection as reported to the recipient by the regulated investment  
8 company;

9 (c) There shall be added interest or dividends received by the owner  
10 of obligations of the District of Columbia, other states of the United  
11 States, or their political subdivisions, authorities, commissions, or  
12 instrumentalities to the extent excluded in the computation of gross  
13 income for federal income tax purposes except that such interest or  
14 dividends shall not be added if received by a corporation which is a  
15 regulated investment company;

16 (d) There shall be added that portion of the total dividends and  
17 other income received from a regulated investment company which is  
18 attributable to obligations described in subdivision (c) of this  
19 subsection and excluded for federal income tax purposes as reported to  
20 the recipient by the regulated investment company; and

21 (e)(i) Any amount subtracted under this subsection shall be reduced  
22 by any interest on indebtedness incurred to carry the obligations or  
23 securities described in this subsection or the investment in the  
24 regulated investment company and by any expenses incurred in the  
25 production of interest or dividend income described in this subsection to  
26 the extent that such expenses, including amortizable bond premiums, are  
27 deductible in determining federal taxable income.

28 (ii) Any amount added under this subsection shall be reduced by any  
29 expenses incurred in the production of such income to the extent  
30 disallowed in the computation of federal taxable income.

31 (2) There shall be allowed a net operating loss derived from or

1 connected with Nebraska sources computed under rules and regulations  
2 adopted and promulgated by the Tax Commissioner consistent, to the extent  
3 possible under the Nebraska Revenue Act of 1967, with the laws of the  
4 United States. For a resident individual, estate, or trust, the net  
5 operating loss computed on the federal income tax return shall be  
6 adjusted by the modifications contained in this section. For a  
7 nonresident individual, estate, or trust or for a partial-year resident  
8 individual, the net operating loss computed on the federal return shall  
9 be adjusted by the modifications contained in this section and any  
10 carryovers or carrybacks shall be limited to the portion of the loss  
11 derived from or connected with Nebraska sources.

12 (3) There shall be subtracted from federal adjusted gross income for  
13 all taxable years beginning on or after January 1, 1987, the amount of  
14 any state income tax refund to the extent such refund was deducted under  
15 the Internal Revenue Code, was not allowed in the computation of the tax  
16 due under the Nebraska Revenue Act of 1967, and is included in federal  
17 adjusted gross income.

18 (4) Federal adjusted gross income, or, for a fiduciary, federal  
19 taxable income shall be modified to exclude the portion of the income or  
20 loss received from a small business corporation with an election in  
21 effect under subchapter S of the Internal Revenue Code or from a limited  
22 liability company organized pursuant to the Nebraska Uniform Limited  
23 Liability Company Act that is not derived from or connected with Nebraska  
24 sources as determined in section 77-2734.01.

25 (5) There shall be subtracted from federal adjusted gross income or,  
26 for corporations and fiduciaries, federal taxable income dividends  
27 received or deemed to be received from corporations which are not subject  
28 to the Internal Revenue Code.

29 (6) There shall be subtracted from federal taxable income a portion  
30 of the income earned by a corporation subject to the Internal Revenue  
31 Code of 1986 that is actually taxed by a foreign country or one of its

1 political subdivisions at a rate in excess of the maximum federal tax  
2 rate for corporations. The taxpayer may make the computation for each  
3 foreign country or for groups of foreign countries. The portion of the  
4 taxes that may be deducted shall be computed in the following manner:

5 (a) The amount of federal taxable income from operations within a  
6 foreign taxing jurisdiction shall be reduced by the amount of taxes  
7 actually paid to the foreign jurisdiction that are not deductible solely  
8 because the foreign tax credit was elected on the federal income tax  
9 return;

10 (b) The amount of after-tax income shall be divided by one minus the  
11 maximum tax rate for corporations in the Internal Revenue Code; and

12 (c) The result of the calculation in subdivision (b) of this  
13 subsection shall be subtracted from the amount of federal taxable income  
14 used in subdivision (a) of this subsection. The result of such  
15 calculation, if greater than zero, shall be subtracted from federal  
16 taxable income.

17 (7) Federal adjusted gross income shall be modified to exclude any  
18 amount repaid by the taxpayer for which a reduction in federal tax is  
19 allowed under section 1341(a)(5) of the Internal Revenue Code.

20 (8)(a) Federal adjusted gross income or, for corporations and  
21 fiduciaries, federal taxable income shall be reduced, to the extent  
22 included, by income from interest, earnings, and state contributions  
23 received from the Nebraska educational savings plan trust created in  
24 sections 85-1801 to 85-1817 and any account established under the  
25 achieving a better life experience program as provided in sections  
26 77-1401 to 77-1409.

27 (b) Federal adjusted gross income or, for corporations and  
28 fiduciaries, federal taxable income shall be reduced by any contributions  
29 as a participant in the Nebraska educational savings plan trust or  
30 contributions to an account established under the achieving a better life  
31 experience program made for the benefit of a beneficiary as provided in

1 sections 77-1401 to 77-1409, to the extent not deducted for federal  
2 income tax purposes, but not to exceed five thousand dollars per married  
3 filing separate return or ten thousand dollars for any other return. With  
4 respect to a qualified rollover within the meaning of section 529 of the  
5 Internal Revenue Code from another state's plan, any interest, earnings,  
6 and state contributions received from the other state's educational  
7 savings plan which is qualified under section 529 of the code shall  
8 qualify for the reduction provided in this subdivision. For contributions  
9 by a custodian of a custodial account including rollovers from another  
10 custodial account, the reduction shall only apply to funds added to the  
11 custodial account after January 1, 2014.

12 (c) For taxable years beginning or deemed to begin on or after  
13 January 1, 2021, under the Internal Revenue Code of 1986, as amended,  
14 federal adjusted gross income shall be reduced, to the extent included in  
15 the adjusted gross income of an individual, by the amount of any  
16 contribution made by the individual's employer into an account under the  
17 Nebraska educational savings plan trust owned by the individual, not to  
18 exceed five thousand dollars per married filing separate return or ten  
19 thousand dollars for any other return.

20 (d) Federal adjusted gross income or, for corporations and  
21 fiduciaries, federal taxable income shall be increased by:

22 (i) The amount resulting from the cancellation of a participation  
23 agreement refunded to the taxpayer as a participant in the Nebraska  
24 educational savings plan trust to the extent previously deducted under  
25 subdivision (8)(b) of this section; and

26 (ii) The amount of any withdrawals by the owner of an account  
27 established under the achieving a better life experience program as  
28 provided in sections 77-1401 to 77-1409 for nonqualified expenses to the  
29 extent previously deducted under subdivision (8)(b) of this section.

30 (9)(a) For income tax returns filed after September 10, 2001, for  
31 taxable years beginning or deemed to begin before January 1, 2006, under



1 the Internal Revenue Code of 1986, as amended, federal adjusted gross  
2 income or, for corporations and fiduciaries, federal taxable income shall  
3 be increased by eighty-five percent of any amount of any federal bonus  
4 depreciation received under the federal Job Creation and Worker  
5 Assistance Act of 2002 or the federal Jobs and Growth Tax Act of 2003,  
6 under section 168(k) or section 1400L of the Internal Revenue Code of  
7 1986, as amended, for assets placed in service after September 10, 2001,  
8 and before December 31, 2005.

9 (b) For a partnership, limited liability company, cooperative,  
10 including any cooperative exempt from income taxes under section 521 of  
11 the Internal Revenue Code of 1986, as amended, limited cooperative  
12 association, subchapter S corporation, or joint venture, the increase  
13 shall be distributed to the partners, members, shareholders, patrons, or  
14 beneficiaries in the same manner as income is distributed for use against  
15 their income tax liabilities.

16 (c) For a corporation with a unitary business having activity both  
17 inside and outside the state, the increase shall be apportioned to  
18 Nebraska in the same manner as income is apportioned to the state by  
19 section 77-2734.05.

20 (d) The amount of bonus depreciation added to federal adjusted gross  
21 income or, for corporations and fiduciaries, federal taxable income by  
22 this subsection shall be subtracted in a later taxable year. Twenty  
23 percent of the total amount of bonus depreciation added back by this  
24 subsection for tax years beginning or deemed to begin before January 1,  
25 2003, under the Internal Revenue Code of 1986, as amended, may be  
26 subtracted in the first taxable year beginning or deemed to begin on or  
27 after January 1, 2005, under the Internal Revenue Code of 1986, as  
28 amended, and twenty percent in each of the next four following taxable  
29 years. Twenty percent of the total amount of bonus depreciation added  
30 back by this subsection for tax years beginning or deemed to begin on or  
31 after January 1, 2003, may be subtracted in the first taxable year

1 beginning or deemed to begin on or after January 1, 2006, under the  
2 Internal Revenue Code of 1986, as amended, and twenty percent in each of  
3 the next four following taxable years.

4 (10) For taxable years beginning or deemed to begin on or after  
5 January 1, 2003, and before January 1, 2006, under the Internal Revenue  
6 Code of 1986, as amended, federal adjusted gross income or, for  
7 corporations and fiduciaries, federal taxable income shall be increased  
8 by the amount of any capital investment that is expensed under section  
9 179 of the Internal Revenue Code of 1986, as amended, that is in excess  
10 of twenty-five thousand dollars that is allowed under the federal Jobs  
11 and Growth Tax Act of 2003. Twenty percent of the total amount of  
12 expensing added back by this subsection for tax years beginning or deemed  
13 to begin on or after January 1, 2003, may be subtracted in the first  
14 taxable year beginning or deemed to begin on or after January 1, 2006,  
15 under the Internal Revenue Code of 1986, as amended, and twenty percent  
16 in each of the next four following tax years.

17 (11)(a) For taxable years beginning or deemed to begin before  
18 January 1, 2018, under the Internal Revenue Code of 1986, as amended,  
19 federal adjusted gross income shall be reduced by contributions, up to  
20 two thousand dollars per married filing jointly return or one thousand  
21 dollars for any other return, and any investment earnings made as a  
22 participant in the Nebraska long-term care savings plan under the Long-  
23 Term Care Savings Plan Act, to the extent not deducted for federal income  
24 tax purposes.

25 (b) For taxable years beginning or deemed to begin before January 1,  
26 2018, under the Internal Revenue Code of 1986, as amended, federal  
27 adjusted gross income shall be increased by the withdrawals made as a  
28 participant in the Nebraska long-term care savings plan under the act by  
29 a person who is not a qualified individual or for any reason other than  
30 transfer of funds to a spouse, long-term care expenses, long-term care  
31 insurance premiums, or death of the participant, including withdrawals

1 made by reason of cancellation of the participation agreement, to the  
2 extent previously deducted as a contribution or as investment earnings.

3 (12) There shall be added to federal adjusted gross income for  
4 individuals, estates, and trusts any amount taken as a credit for  
5 franchise tax paid by a financial institution under sections 77-3801 to  
6 77-3807 as allowed by subsection (5) of section 77-2715.07.

7 (13)(a) For taxable years beginning or deemed to begin on or after  
8 January 1, 2015, and before January 1, 2024 ~~2025~~, under the Internal  
9 Revenue Code of 1986, as amended, federal adjusted gross income shall be  
10 reduced by the amount received as benefits under the federal Social  
11 Security Act which are included in the federal adjusted gross income if:

12 (i) For taxpayers filing a married filing joint return, federal  
13 adjusted gross income is fifty-eight thousand dollars or less; or

14 (ii) For taxpayers filing any other return, federal adjusted gross  
15 income is forty-three thousand dollars or less.

16 (b) For taxable years beginning or deemed to begin on or after  
17 January 1, 2020, and before January 1, 2024 ~~2025~~, under the Internal  
18 Revenue Code of 1986, as amended, the Tax Commissioner shall adjust the  
19 dollar amounts provided in subdivisions (13)(a)(i) and (ii) of this  
20 section by the same percentage used to adjust individual income tax  
21 brackets under subsection (3) of section 77-2715.03.

22 (c) For taxable years beginning or deemed to begin on or after  
23 January 1, 2021, and before January 1, 2024 ~~2025~~, under the Internal  
24 Revenue Code of 1986, as amended, a taxpayer may claim the reduction to  
25 federal adjusted gross income allowed under this subsection or the  
26 reduction to federal adjusted gross income allowed under subsection (14)  
27 of this section, whichever provides the greater reduction.

28 (14)(a) For taxable years beginning or deemed to begin on or after  
29 January 1, 2021, under the Internal Revenue Code of 1986, as amended,  
30 federal adjusted gross income shall be reduced by a percentage of the  
31 social security benefits that are received and included in federal

1 adjusted gross income. The pertinent percentage shall be:

2 (i) Five percent for taxable years beginning or deemed to begin on  
3 or after January 1, 2021, and before January 1, 2022, under the Internal  
4 Revenue Code of 1986, as amended;

5 (ii) Forty percent for taxable years beginning or deemed to begin on  
6 or after January 1, 2022, and before January 1, 2023, under the Internal  
7 Revenue Code of 1986, as amended;

8 (iii) Sixty percent for taxable years beginning or deemed to begin  
9 on or after January 1, 2023, and before January 1, 2024, under the  
10 Internal Revenue Code of 1986, as amended; and

11 (iv) One hundred Eighty percent for taxable years beginning or  
12 deemed to begin on or after January 1, 2024, ~~and before January 1, 2025,~~  
13 under the Internal Revenue Code of 1986, as amended. ~~;~~ and

14 ~~(v) One hundred percent for taxable years beginning or deemed to~~  
15 ~~begin on or after January 1, 2025, under the Internal Revenue Code of~~  
16 ~~1986, as amended.~~

17 (b) For purposes of this subsection, social security benefits means  
18 benefits received under the federal Social Security Act.

19 (c) For taxable years beginning or deemed to begin on or after  
20 January 1, 2021, and before January 1, 2024 ~~2025~~, under the Internal  
21 Revenue Code of 1986, as amended, a taxpayer may claim the reduction to  
22 federal adjusted gross income allowed under this subsection or the  
23 reduction to federal adjusted gross income allowed under subsection (13)  
24 of this section, whichever provides the greater reduction.

25 (15)(a) For taxable years beginning or deemed to begin on or after  
26 January 1, 2015, and before January 1, 2022, under the Internal Revenue  
27 Code of 1986, as amended, an individual may make a one-time election  
28 within two calendar years after the date of his or her retirement from  
29 the military to exclude income received as a military retirement benefit  
30 by the individual to the extent included in federal adjusted gross income  
31 and as provided in this subdivision. The individual may elect to exclude

1 forty percent of his or her military retirement benefit income for seven  
2 consecutive taxable years beginning with the year in which the election  
3 is made or may elect to exclude fifteen percent of his or her military  
4 retirement benefit income for all taxable years beginning with the year  
5 in which he or she turns sixty-seven years of age.

6 (b) For taxable years beginning or deemed to begin on or after  
7 January 1, 2022, under the Internal Revenue Code of 1986, as amended, an  
8 individual may exclude one hundred percent of the military retirement  
9 benefit income received by such individual to the extent included in  
10 federal adjusted gross income.

11 (c) For purposes of this subsection, military retirement benefit  
12 means retirement benefits that are periodic payments attributable to  
13 service in the uniformed services of the United States for personal  
14 services performed by an individual prior to his or her retirement. The  
15 term includes retirement benefits described in this subdivision that are  
16 reported to the individual on either:

17 (i) An Internal Revenue Service Form 1099-R received from the United  
18 States Department of Defense; or

19 (ii) An Internal Revenue Service Form 1099-R received from the  
20 United States Office of Personnel Management.

21 (16) For taxable years beginning or deemed to begin on or after  
22 January 1, 2021, under the Internal Revenue Code of 1986, as amended,  
23 federal adjusted gross income shall be reduced by the amount received as  
24 a Segal AmeriCorps Education Award, to the extent such amount is included  
25 in federal adjusted gross income.

26 (17) For taxable years beginning or deemed to begin on or after  
27 January 1, 2022, under the Internal Revenue Code of 1986, as amended,  
28 federal adjusted gross income shall be reduced by the amount received by  
29 or on behalf of a firefighter for cancer benefits under the Firefighter  
30 Cancer Benefits Act to the extent included in federal adjusted gross  
31 income.

1 (18) There shall be subtracted from the federal adjusted gross  
2 income of individuals any amount received by the individual as student  
3 loan repayment assistance under the Teach in Nebraska Today Act, to the  
4 extent such amount is included in federal adjusted gross income.

5 (19) For taxable years beginning or deemed to begin on or after  
6 January 1, 2023, under the Internal Revenue Code of 1986, as amended, a  
7 retired individual who was employed full time as a certified law  
8 enforcement officer for at least twenty years and who is at least sixty  
9 years of age as of the end of the taxable year may reduce his or her  
10 federal adjusted gross income by the amount of health insurance premiums  
11 paid by such individual during the taxable year, to the extent such  
12 premiums were not already deducted in determining the individual's  
13 federal adjusted gross income.

14 (20) For taxable years beginning or deemed to begin on or after  
15 January 1, 2023, under the Internal Revenue Code of 1986, as amended,  
16 federal adjusted gross income or, for corporations and fiduciaries,  
17 federal taxable income shall be reduced by the amounts allowed to be  
18 deducted pursuant to section 12 of this act.

19 (21) For taxable years beginning or deemed to begin on or after  
20 January 1, 2024, under the Internal Revenue Code of 1986, as amended, an  
21 individual may reduce his or her federal adjusted gross income by the  
22 amounts received as annuities under the Federal Employees Retirement  
23 System or the Civil Service Retirement System which were earned for being  
24 employed by the federal government, to the extent such amounts are  
25 included in federal adjusted gross income.

26 Sec. 11. Section 77-2716.01, Revised Statutes Cumulative Supplement,  
27 2022, is amended to read:

28 77-2716.01 (1)(a) Through tax year 2017, every individual shall be  
29 allowed to subtract from his or her income tax liability an amount for  
30 personal exemptions. The amount allowed to be subtracted shall be the  
31 credit amount for the year as provided in this subdivision multiplied by

1 the number of exemptions allowed on the federal return. For tax year  
2 1993, the credit amount shall be sixty-five dollars; for tax year 1994,  
3 the credit amount shall be sixty-nine dollars; for tax year 1995, the  
4 credit amount shall be sixty-nine dollars; for tax year 1996, the credit  
5 amount shall be seventy-two dollars; for tax year 1997, the credit amount  
6 shall be eighty-six dollars; for tax year 1998, the credit amount shall  
7 be eighty-eight dollars; for tax year 1999, and each year thereafter  
8 through tax year 2017, the credit amount shall be adjusted for inflation  
9 by the method provided in section 151 of the Internal Revenue Code of  
10 1986, as it existed prior to December 22, 2017. The eighty-eight-dollar  
11 credit amount shall be adjusted for cumulative inflation since 1998. If  
12 any credit amount is not an even dollar amount, the amount shall be  
13 rounded to the nearest dollar. For nonresident individuals and partial-  
14 year resident individuals, the personal exemption credit shall be  
15 subtracted as specified in subsection (3) of section 77-2715.

16 (b) Beginning with tax year 2018, every individual, except an  
17 individual that can be claimed for a child credit or dependent credit on  
18 the federal return of another taxpayer, shall be allowed to subtract from  
19 his or her income tax liability an amount for personal exemptions. The  
20 amount allowed to be subtracted shall be the credit amount for the year  
21 as provided in this subdivision multiplied by the sum of the number of  
22 child credits and dependent credits taken on the federal return, plus two  
23 for a married filing jointly return or plus one for any other return. For  
24 tax year 2018, the credit amount shall be one hundred thirty-four  
25 dollars. For tax year 2019 and each tax year thereafter, the credit  
26 amount shall be adjusted for inflation based on the percentage change in  
27 the Consumer Price Index for All Urban Consumers published by the federal  
28 Bureau of Labor Statistics from the twelve months ending on August 31,  
29 2017, to the twelve months ending on August 31 of the year preceding the  
30 taxable year. If any credit amount is not an even dollar amount, the  
31 amount shall be rounded to the nearest dollar. For nonresident

1 individuals and partial-year resident individuals, the personal exemption  
2 credit shall be subtracted as specified in subsection (3) of section  
3 77-2715.

4 (2)(a) For tax years beginning or deemed to begin on or after  
5 January 1, 2003, and before January 1, 2004, under the Internal Revenue  
6 Code of 1986, as amended, every individual who did not itemize deductions  
7 on his or her federal return shall be allowed to subtract from federal  
8 adjusted gross income a standard deduction based on the filing status  
9 used on the federal return except as the amount is adjusted under section  
10 77-2716.03. The standard deduction shall be the smaller of the federal  
11 standard deduction actually allowed or (i) for single taxpayers four  
12 thousand seven hundred fifty dollars, (ii) for head of household  
13 taxpayers seven thousand dollars, (iii) for married filing jointly  
14 taxpayers seven thousand nine hundred fifty dollars, and (iv) for married  
15 filing separately taxpayers three thousand nine hundred seventy-five  
16 dollars. Taxpayers who are allowed additional federal standard deduction  
17 amounts because of age or blindness shall be allowed an increase in the  
18 Nebraska standard deduction for each additional amount allowed on the  
19 federal return. The additional amounts shall be for married taxpayers,  
20 nine hundred fifty dollars, and for single or head of household  
21 taxpayers, one thousand one hundred fifty dollars.

22 (b) For tax years beginning or deemed to begin on or after January  
23 1, 2007, and before January 1, 2018, under the Internal Revenue Code of  
24 1986, as amended, every individual who did not itemize deductions on his  
25 or her federal return shall be allowed to subtract from federal adjusted  
26 gross income a standard deduction based on the filing status used on the  
27 federal return. The standard deduction shall be the smaller of the  
28 federal standard deduction actually allowed or (i) for single taxpayers  
29 three thousand dollars and (ii) for head of household taxpayers four  
30 thousand four hundred dollars. The standard deduction for married filing  
31 jointly taxpayers shall be double the standard deduction for single



1 taxpayers, and for married filing separately taxpayers, the standard  
2 deduction shall be the same as single taxpayers. Taxpayers who are  
3 allowed additional federal standard deduction amounts because of age or  
4 blindness shall be allowed an increase in the Nebraska standard deduction  
5 for each additional amount allowed on the federal return. The additional  
6 amounts shall be for married taxpayers six hundred dollars and for single  
7 or head of household taxpayers seven hundred fifty dollars. The amounts  
8 in this subdivision will be indexed using 1987 as the base year.

9 (c) For tax years beginning or deemed to begin on or after January  
10 1, 2007, and before January 1, 2018, the standard deduction amounts,  
11 including the additional standard deduction amounts, in this subsection  
12 shall be adjusted for inflation by the method provided in section 151 of  
13 the Internal Revenue Code of 1986, as it existed prior to December 22,  
14 2017. If any amount is not a multiple of fifty dollars, the amount shall  
15 be rounded to the next lowest multiple of fifty dollars.

16 (3)(a) For tax years beginning or deemed to begin on or after  
17 January 1, 2018, every individual who did not itemize deductions on his  
18 or her federal return shall be allowed to subtract from federal adjusted  
19 gross income a standard deduction based on the filing status used on the  
20 federal return. The standard deduction shall be the smaller of the  
21 federal standard deduction actually allowed or (i) six thousand seven  
22 hundred fifty dollars for single taxpayers and (ii) nine thousand nine  
23 hundred dollars for head of household taxpayers. The standard deduction  
24 for married filing jointly taxpayers or qualifying widows or widowers  
25 shall be double the standard deduction for single taxpayers, and the  
26 standard deduction for married filing separately taxpayers shall be the  
27 same as the standard deduction for single taxpayers. Taxpayers who are  
28 allowed additional federal standard deduction amounts because of age or  
29 blindness shall be allowed an increase in the Nebraska standard deduction  
30 for each additional amount allowed on the federal return. The additional  
31 amounts shall be one thousand three hundred dollars for married taxpayers

1 and one thousand six hundred dollars for single or head of household  
2 taxpayers.

3 (b) For tax years beginning or deemed to begin on or after January  
4 1, 2019, the standard deduction amounts, including the additional  
5 standard deduction amounts, in this subsection shall be adjusted for  
6 inflation based on the percentage change in the Consumer Price Index for  
7 All Urban Consumers published by the federal Bureau of Labor Statistics  
8 from the twelve months ending on August 31, 2017, to the twelve months  
9 ending on August 31 of the year preceding the taxable year. If any amount  
10 is not a multiple of fifty dollars, the amount shall be rounded to the  
11 next lowest multiple of fifty dollars.

12 (4)(a) For tax years beginning or deemed to begin before January 1,  
13 2022, every (4) Every individual who itemized deductions on his or her  
14 federal return shall be allowed to subtract from federal adjusted gross  
15 income the greater of either:

16 (i) The ~~the~~ standard deduction allowed in this section; or

17 (ii) His ~~his~~ or her federal itemized deductions as defined in  
18 section 63(d) of the Internal Revenue Code of 1986, as amended, except  
19 for the amount for state or local income taxes included in federal  
20 itemized deductions before any federal disallowance.

21 (b) For tax years beginning or deemed to begin on or after January  
22 1, 2022, every individual who itemized deductions on his or her federal  
23 return shall be allowed to subtract from federal adjusted gross income  
24 the greater of either:

25 (i) The standard deduction allowed in this section; or

26 (ii) The sum of:

27 (A) His or her federal itemized deductions as defined in section  
28 63(d) of the Internal Revenue Code of 1986, as amended, except for the  
29 amount for state or local income taxes included in federal itemized  
30 deductions before any federal disallowance; and

31 (B) The total amount of state and local property taxes reported on

1 his or her federal return before any federal disallowance or cap, less  
2 the amount of state and local property taxes actually included in federal  
3 itemized deductions.

4 Sec. 12. (1) For purposes of this section:

5 (a) Full expensing means a method for taxpayers to recover their  
6 costs for certain expenditures in depreciable business assets by  
7 immediately deducting the full cost of such expenditures in the tax year  
8 in which the property is placed in service;

9 (b) Internal Revenue Code means the Internal Revenue Code of 1986,  
10 as amended;

11 (c) Qualified improvement property has the same meaning as in  
12 section 168(e)(6) of the Internal Revenue Code and shall apply to  
13 property placed in service after December 31, 2022;

14 (d) Qualified property has the same meaning as in section 168(k) of  
15 the Internal Revenue Code and shall apply to property placed in service  
16 after December 31, 2022; and

17 (e) Research or experimental expenditures has the same meaning as in  
18 26 C.F.R. 1.174-2.

19 (2)(a) For taxable years beginning or deemed to begin on or after  
20 January 1, 2023, the cost of expenditures for business assets that are  
21 qualified property or qualified improvement property covered under  
22 section 168 of the Internal Revenue Code shall be eligible for full  
23 expensing and may be deducted as an expense incurred by the taxpayer  
24 during the taxable year during which the property is placed in service,  
25 notwithstanding any changes to federal law related to depreciation of  
26 property beginning January 1, 2023, or on any other date. Such deduction  
27 shall be allowed only to the extent that such cost has not already been  
28 deducted in determining federal adjusted gross income or, for  
29 corporations and fiduciaries, federal taxable income.

30 (b) If the taxpayer does not fully expense the costs described in  
31 this subsection in the taxable year in which the property is placed in

1 service, the taxpayer may elect to depreciate the costs over a five-year  
2 irrevocable term.

3 (3)(a) For taxable years beginning or deemed to begin on or after  
4 January 1, 2023, a taxpayer may elect to treat research or experimental  
5 expenditures which are paid or incurred by the taxpayer during the  
6 taxable year in connection with the taxpayer's trade or business as  
7 expenses which are not chargeable to the capital account. The  
8 expenditures so treated shall be allowed as a deduction, notwithstanding  
9 any changes to the Internal Revenue Code related to the amortization of  
10 such research or experimental expenditures. Such deduction shall be  
11 allowed only to the extent that such research or experimental  
12 expenditures have not already been deducted in determining federal  
13 adjusted gross income or, for corporations and fiduciaries, federal  
14 taxable income.

15 (b) If the taxpayer does not fully deduct the research or  
16 experimental expenditures in the taxable year in which the expenditures  
17 are paid or incurred, the taxpayer may elect to amortize the expenditures  
18 over a five-year irrevocable term.

19 (4) If a deduction under this section is for a corporation having an  
20 election in effect under subchapter S of the Internal Revenue Code, a  
21 partnership, a limited liability company, an estate, or a trust, the  
22 deduction may be claimed by the shareholders, partners, members, or  
23 beneficiaries in the same manner as those shareholders, partners,  
24 members, or beneficiaries account for their proportionate shares of the  
25 income or losses of the corporation, partnership, limited liability  
26 company, estate, or trust.

27 (5) The Department of Revenue may adopt and promulgate rules and  
28 regulations to implement this section.

29 Sec. 13. Section 77-2717, Revised Statutes Cumulative Supplement,  
30 2022, is amended to read:

31 77-2717 (1)(a)(i) For taxable years beginning or deemed to begin

1 before January 1, 2014, the tax imposed on all resident estates and  
2 trusts shall be a percentage of the federal taxable income of such  
3 estates and trusts as modified in section 77-2716, plus a percentage of  
4 the federal alternative minimum tax and the federal tax on premature or  
5 lump-sum distributions from qualified retirement plans. The additional  
6 taxes shall be recomputed by (A) substituting Nebraska taxable income for  
7 federal taxable income, (B) calculating what the federal alternative  
8 minimum tax would be on Nebraska taxable income and adjusting such  
9 calculations for any items which are reflected differently in the  
10 determination of federal taxable income, and (C) applying Nebraska rates  
11 to the result. The federal credit for prior year minimum tax, after the  
12 recomputations required by the Nebraska Revenue Act of 1967, and the  
13 credits provided in the Nebraska Advantage Microenterprise Tax Credit Act  
14 and the Nebraska Advantage Research and Development Act shall be allowed  
15 as a reduction in the income tax due. A refundable income tax credit  
16 shall be allowed for all resident estates and trusts under the Angel  
17 Investment Tax Credit Act, the Nebraska Advantage Microenterprise Tax  
18 Credit Act, and the Nebraska Advantage Research and Development Act. A  
19 nonrefundable income tax credit shall be allowed for all resident estates  
20 and trusts as provided in the New Markets Job Growth Investment Act.

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

1 under the Angel Investment Tax Credit Act, the Nebraska Advantage  
2 Microenterprise Tax Credit Act, the Nebraska Advantage Research and  
3 Development Act, the Nebraska Higher Blend Tax Credit Act, the Nebraska  
4 Property Tax Incentive Act, and the Renewable Chemical Production Tax  
5 Credit Act. A nonrefundable income tax credit shall be allowed for all  
6 resident estates and trusts as provided in the Nebraska Job Creation and  
7 Mainstreet Revitalization Act, the New Markets Job Growth Investment Act,  
8 the School Readiness Tax Credit Act, the Child Care Tax Credit Act, the  
9 Affordable Housing Tax Credit Act, and sections 77-27,238 and 77-27,240.

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

1 provided in the Nebraska Job Creation and Mainstreet Revitalization Act,  
2 the New Markets Job Growth Investment Act, the School Readiness Tax  
3 Credit Act, the Child Care Tax Credit Act, the Affordable Housing Tax  
4 Credit Act, and sections 77-27,238 and 77-27,240.

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

17 (3) The beneficiaries of such estate or trust who are residents of  
18 this state shall include in their income their proportionate share of  
19 such estate's or trust's federal income and shall reduce their Nebraska  
20 tax liability by their proportionate share of the credits as provided in  
21 the Angel Investment Tax Credit Act, the Nebraska Advantage  
22 Microenterprise Tax Credit Act, the Nebraska Advantage Research and  
23 Development Act, the Nebraska Job Creation and Mainstreet Revitalization  
24 Act, the New Markets Job Growth Investment Act, the School Readiness Tax  
25 Credit Act, the Child Care Tax Credit Act, the Affordable Housing Tax  
26 Credit Act, the Nebraska Higher Blend Tax Credit Act, the Nebraska  
27 Property Tax Incentive Act, the Renewable Chemical Production Tax Credit  
28 Act, and sections 77-27,238 and 77-27,240. There shall be allowed to a  
29 beneficiary a refundable income tax credit under the Beginning Farmer Tax  
30 Credit Act for all taxable years beginning or deemed to begin on or after  
31 January 1, 2001, under the Internal Revenue Code of 1986, as amended.

1           (4) If any beneficiary of such estate or trust is a nonresident  
2 during any part of the estate's or trust's taxable year, he or she shall  
3 file a Nebraska income tax return which shall include (a) in Nebraska  
4 adjusted gross income that portion of the estate's or trust's Nebraska  
5 income, as determined under sections 77-2724 and 77-2725, allocable to  
6 his or her interest in the estate or trust and (b) a reduction of the  
7 Nebraska tax liability by his or her proportionate share of the credits  
8 as provided in the Angel Investment Tax Credit Act, the Nebraska  
9 Advantage Microenterprise Tax Credit Act, the Nebraska Advantage Research  
10 and Development Act, the Nebraska Job Creation and Mainstreet  
11 Revitalization Act, the New Markets Job Growth Investment Act, the School  
12 Readiness Tax Credit Act, the Child Care Tax Credit Act, the Affordable  
13 Housing Tax Credit Act, the Nebraska Higher Blend Tax Credit Act, the  
14 Nebraska Property Tax Incentive Act, the Renewable Chemical Production  
15 Tax Credit Act, and sections 77-27,238 and 77-27,240 and shall execute  
16 and forward to the fiduciary, on or before the original due date of the  
17 Nebraska fiduciary return, an agreement which states that he or she will  
18 file a Nebraska income tax return and pay income tax on all income  
19 derived from or connected with sources in this state, and such agreement  
20 shall be attached to the Nebraska fiduciary return for such taxable year.

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



1 be the highest individual income tax rate determined under section  
2 77-2715.03 multiplied by the nonresident beneficiary's share of the  
3 estate or trust income which was derived from or attributable to sources  
4 within this state. The amount remitted shall be allowed as a credit  
5 against the Nebraska income tax liability of the beneficiary.

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

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

22 (8) For purposes of this section, any beneficiary of an estate or  
23 trust that is a grantor trust of a nonresident shall be disregarded and  
24 this section shall apply as though the nonresident grantor was the  
25 beneficiary.

26 Sec. 14. Section 77-2733, Reissue Revised Statutes of Nebraska, is  
27 amended to read:

28 77-2733 (1) The income of a nonresident individual derived from  
29 sources within this state shall be the sum of the following:

30 (a) The net amount of items of income, gain, loss, and deduction  
31 entering into his or her federal taxable income which are derived from or

1 connected with sources in this state including (i) his or her  
2 distributive share of partnership income and deductions determined under  
3 section 77-2729, (ii) his or her share of small business corporation or  
4 limited liability company income determined under section 77-2734.01, and  
5 (iii) his or her share of estate or trust income and deductions  
6 determined under section 77-2725; and

7 (b) The portion of the modifications described in section 77-2716  
8 which relates to income derived from sources in this state, including any  
9 modifications attributable to him or her as a partner.

10 (2) Items of income, gain, loss, and deduction derived from or  
11 connected with sources within this state are those items attributable to:

12 (a) The ownership or disposition of any interest in real or tangible  
13 personal property in this state;

14 (b) A business, trade, profession, or occupation carried on in this  
15 state; and

16 (c) Any lottery prize awarded in a lottery game conducted pursuant  
17 to the State Lottery Act.

18 (3) Income from intangible personal property including annuities,  
19 dividends, interest, and gains from the disposition of intangible  
20 personal property shall constitute income derived from sources within  
21 this state only to the extent that such income is from property employed  
22 in a business, trade, profession, or occupation carried on in this state.

23 (4) Deductions with respect to capital losses, net long-term capital  
24 gains, and net operating losses shall be based solely on income, gains,  
25 losses, and deductions derived from or connected with sources in this  
26 state, under rules and regulations to be prescribed by the Tax  
27 Commissioner, but otherwise shall be determined in the same manner as the  
28 corresponding federal deductions.

29 (5) If a business, trade, profession, or occupation is carried on  
30 partly within and partly without this state, the items of income and  
31 deduction derived from or connected with sources within this state shall

1 be determined by apportionment under rules and regulations to be  
2 prescribed by the Tax Commissioner.

3 (6) Compensation paid by the United States for service in the armed  
4 forces of the United States performed by a nonresident individual shall  
5 not constitute income derived from sources within this state.

6 (7) Compensation paid by a resident estate or trust for services by  
7 a nonresident fiduciary shall constitute income derived from sources  
8 within this state.

9 (8) Except as provided in subsection (9) of this section,  
10 compensation ~~Compensation~~ paid by a business, trade, or profession shall  
11 constitute income derived from sources within this state if:

12 (a) The individual's service is performed entirely within this  
13 state;

14 (b) The individual's service is performed both within and without  
15 this state, but the service performed without this state is incidental to  
16 the individual's service within this state;

17 (c)(i) For taxable years beginning or deemed to begin prior to  
18 January 1, 2024, under the Internal Revenue Code of 1986, as amended, the  
19 ~~(e)~~ The individual's service is performed without this state, but the  
20 service performed without this state is related to the transactions and  
21 activity of the business, trade, or profession carried on within this  
22 state; or

23 (ii) For taxable years beginning or deemed to begin on or after  
24 January 1, 2024, under the Internal Revenue Code of 1986, as amended, the  
25 individual is a nonresident and the individual's service is performed  
26 without this state for his or her convenience, but the service is  
27 directly related to a business, trade, or profession carried on within  
28 this state and, except for the individual's convenience, the service  
29 could have been performed within this state, provided that such  
30 individual must be present, in connection with such business, trade, or  
31 profession, within this state for more than fifteen days during the

1 taxable year in which the compensation is earned; or

2 (d) Some of the service is performed in this state and (i) the base  
3 of operations or, if there is no base of operations, the place from which  
4 the service is directed or controlled is in this state or (ii) the base  
5 of operations or the place from which the service is directed or  
6 controlled is not in any state in which some part of the service is  
7 performed, but the individual's residence is in this state.

8 (9)(a) This subsection applies to taxable years beginning or deemed  
9 to begin on or after January 1, 2024, under the Internal Revenue Code of  
10 1986, as amended.

11 (b) For purposes of this subsection:

12 (i) Professional athlete means an athlete who performs services in a  
13 professional athletic event for compensation;

14 (ii) Professional entertainer means a person who performs services  
15 in the professional performing arts for compensation on a per-event  
16 basis;

17 (iii) Public figure means a person of prominence who performs  
18 services at discrete events, including, but not limited to, speeches,  
19 public appearances, or similar events, for compensation on a per-event  
20 basis. Public figure does not include a member of a business's board of  
21 directors or similar governing body; and

22 (iv) Time and attendance system means a system through which an  
23 individual is required to record the individual's work location for every  
24 day worked outside the state where the individual's employment duties are  
25 primarily performed and which is designed to allow the employer to  
26 allocate the individual's compensation for income tax purposes among all  
27 states in which the individual performs employment duties for the  
28 employer.

29 (c) Compensation paid to a nonresident individual shall not  
30 constitute income derived from sources within this state if all of the  
31 following conditions apply:

1        (i) The compensation is paid for employment duties performed by the  
2 individual while present in this state for fifteen or fewer days in the  
3 taxable year;

4        (ii) The individual performed employment duties in more than one  
5 state during the taxable year; and

6        (iii) The compensation is not paid for employment duties performed  
7 by the individual in the individual's capacity as a professional athlete,  
8 professional entertainer, or public figure.

9        (d) An employer is not required to withhold taxes for compensation  
10 that is paid to an individual described in subdivision (9)(c) of this  
11 section, except that if, during the taxable year, the individual performs  
12 employment duties while present in this state for more than fifteen days,  
13 an employer shall withhold and remit taxes for every day the individual  
14 performed employment duties while present in this state in that taxable  
15 year, including the first fifteen days in which the individual performs  
16 employment duties in this state.

17        (e) The Department of Revenue shall not require the payment of any  
18 penalties or interest otherwise applicable for failing to deduct and  
19 withhold income taxes if, when determining whether withholding was  
20 required, the employer met either of the following conditions:

21        (i) The employer, in its sole discretion, maintains a time and  
22 attendance system specifically designed to allocate employee wages for  
23 income tax purposes among all taxing jurisdictions in which an individual  
24 performs employment duties for such employer, and the employer relied on  
25 data from that system; or

26        (ii) The employer does not maintain a time and attendance system and  
27 the employer relied on (A) its own records, maintained in the regular  
28 course of business, of the individual's location, (B) the individual's  
29 reasonable determination of the time the individual expected to spend  
30 performing employment duties in this state, provided that the employer  
31 did not have actual knowledge of fraud on the part of the individual in

1 making the determination and that the employer and the individual did not  
2 conspire to evade taxation in making the determination, (C) travel  
3 records, (D) travel expense reimbursement records, or (E) a written  
4 statement from the individual of the number of days spent performing  
5 services in this state during the taxable year.

6 (f) Compensation that is paid to a nonresident individual who serves  
7 on the board of directors or similar governing body of a business and  
8 that relates to board or governing body activities taking place in this  
9 state shall not constitute income derived from sources within this state.

10 (g) For purposes of this subsection, an individual shall be  
11 considered present and performing employment duties within this state for  
12 a day if the individual performs more of the individual's employment  
13 duties in this state than in any other state during that day. Any portion  
14 of the day during which the individual is in transit shall not be  
15 considered in determining the location of an individual's performance of  
16 employment duties.

17 Sec. 16. Section 77-2734.03, Revised Statutes Cumulative Supplement,  
18 2022, is amended to read:

19 77-2734.03 (1)(a) For taxable years commencing prior to January 1,  
20 1997, any (i) insurer paying a tax on premiums and assessments pursuant  
21 to section 77-908 or 81-523, (ii) electric cooperative organized under  
22 the Joint Public Power Authority Act, or (iii) credit union shall be  
23 credited, in the computation of the tax due under the Nebraska Revenue  
24 Act of 1967, with the amount paid during the taxable year as taxes on  
25 such premiums and assessments and taxes in lieu of intangible tax.

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

1 assessments included as Nebraska premiums and assessments under section  
2 77-2734.05 and (ii) taxes in lieu of intangible tax.

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

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

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

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

21 (5) There shall be allowed to corporate taxpayers refundable income  
22 tax credits under the Nebraska Advantage Microenterprise Tax Credit Act,  
23 the Nebraska Advantage Research and Development Act, the Nebraska Higher  
24 Blend Tax Credit Act, the Nebraska Property Tax Incentive Act, and the  
25 Renewable Chemical Production Tax Credit Act.

26 (6) There shall be allowed to corporate taxpayers a nonrefundable  
27 income tax credit for investment in a biodiesel facility as provided in  
28 section 77-27,236.

29 (7) There shall be allowed to corporate taxpayers a nonrefundable  
30 income tax credit as provided in the Nebraska Job Creation and Mainstreet  
31 Revitalization Act, the New Markets Job Growth Investment Act, the School

1 Readiness Tax Credit Act, the Child Care Tax Credit Act, the Affordable  
2 Housing Tax Credit Act, and sections 77-27,238 and 77-27,240.

3 Sec. 17. Section 77-3604, Revised Statutes Cumulative Supplement,  
4 2022, is amended to read:

5 77-3604 (1) A child care and education provider whose eligible  
6 program provides services to children who participate in the child care  
7 subsidy program established pursuant to section 68-1202 may apply to the  
8 department to receive a nonrefundable tax credit against the income tax  
9 imposed by the Nebraska Revenue Act of 1967.

10 (2) The nonrefundable credit provided in this section shall be an  
11 amount equal to the average monthly number of children described in  
12 subsection (1) of this section who are attending the child care and  
13 education provider's eligible program, multiplied by an amount based upon  
14 the quality scale rating of such eligible program as follows:

15 Quality Scale Rating of Eligible Program	16 Tax Credit Per Child Attending Eligible Program
17 <u>Step Five</u>	<u>\$1,200</u>
18 <u>Step Four</u>	<u>\$1,000</u>
19 <u>Step Three</u>	<u>\$800</u>
20 <u>Step Two</u>	<u>\$600</u>
21 <u>Step One</u>	<u>\$400</u>
22 <del>Step Five</del>	<del>\$750</del>
23 <del>Step Four</del>	<del>\$500</del>
24 <del>Step Three</del>	<del>\$250</del>
25 <del>Step Two</del>	<del>\$0</del>
26 <del>Step One</del>	<del>\$0</del>

27 (3) A child care and education provider shall apply for the credit  
28 provided in this section by submitting an application to the department  
29 with the following information:

30 (a) The number of children described in subsection (1) of this



1 section who attended the child care and education provider's eligible  
2 program during each month of the most recently completed taxable year;

3 (b) Documentation to show the quality scale rating of the child care  
4 and education provider's eligible program; and

5 (c) Any other documentation required by the department.

6 (4) Subject to subsection (5) of this section, if the department  
7 determines that the child care and education provider qualifies for tax  
8 credits under this section, it shall approve the application and certify  
9 the amount of credits approved to the child care and education provider.

10 (5) The department shall consider applications in the order in which  
11 they are received and may approve tax credits under this section in any  
12 taxable year until the aggregate limit allowed under subsection (1) of  
13 section 77-3606 has been reached.

14 (6) If the child care and education provider is (a) a partnership,  
15 (b) a limited liability company, (c) a corporation having an election in  
16 effect under subchapter S of the Internal Revenue Code of 1986, as  
17 amended, or (d) an estate or trust, the tax credit provided in this  
18 section may be distributed in the same manner and proportion as the  
19 partner, member, shareholder, or beneficiary reports the partnership,  
20 limited liability company, subchapter S corporation, estate, or trust  
21 income.

22 (7) The credit provided in this section shall be available for  
23 taxable years beginning or deemed to begin on or after January 1, 2024  
24 ~~2017, and before January 1, 2022~~, under the Internal Revenue Code of  
25 1986, as amended.

26 Sec. 18. Section 77-3605, Reissue Revised Statutes of Nebraska, is  
27 amended to read:

28 77-3605 (1) An eligible staff member may apply to the department to  
29 receive a refundable tax credit against the income tax imposed by the  
30 Nebraska Revenue Act of 1967. The amount of the credit shall be based on  
31 the eligible staff member's classification under subsection (4) of

1 section 71-1962 as follows:

2 Eligible Staff Member's Classification	Tax Credit
3 <u>Level Five</u>	<u>\$3,500</u>
4 <u>Level Four</u>	<u>\$3,200</u>
5 <u>Level Three</u>	<u>\$2,900</u>
6 <u>Level Two</u>	<u>\$2,600</u>
7 <u>Level One</u>	<u>\$2,300</u>
8 <del>Level Four</del>	<del>\$1,500</del>
9 <del>Level Three</del>	<del>\$1,250</del>
10 <del>Level Two</del>	<del>\$750</del>
11 <del>Level One</del>	<del>\$500</del>

12 (2) An eligible staff member shall apply for the credit provided in  
13 this section by submitting an application to the department with the  
14 following information:

15 (a) The eligible staff member's name and place of employment;

16 (b) An attestation form provided by the Nebraska Early Childhood  
17 Professional Record System verifying the level at which the eligible  
18 staff member is classified under subsection (4) of section 71-1962; and

19 (c) Any other documentation required by the department.

20 (3) Subject to subsection (4) of this section, if the department  
21 determines that the eligible staff member qualifies for tax credits under  
22 this section, it shall approve the application and certify the amount of  
23 credits approved to the eligible staff member.

24 (4) The department shall consider applications in the order in which  
25 they are received and may approve tax credits under this section in any  
26 taxable year until the aggregate limit allowed under subsection (1) of  
27 section 77-3606 has been reached.

28 (5) The credit provided in this section shall be available for  
29 taxable years beginning or deemed to begin on or after January 1, 2024  
30 ~~2017, and before January 1, 2022~~, under the Internal Revenue Code of

1 1986, as amended.

2 (6) For taxable years beginning or deemed to begin on or after  
3 January 1, ~~2025~~ 2018, ~~and before January 1, 2022~~, under the Internal  
4 Revenue Code of 1986, as amended, the Tax Commissioner shall adjust the  
5 credit amounts provided for in subsection (1) of this section by the  
6 percentage change in the Consumer Price Index for All Urban Consumers, as  
7 prepared by the United States Department of Labor, Bureau of Labor  
8 Statistics, for the twelve-month period ending on August 31 of the year  
9 preceding the taxable year.

10 Sec. 19. Section 77-3606, Reissue Revised Statutes of Nebraska, is  
11 amended to read:

12 77-3606 (1) The department may approve tax credits under the School  
13 Readiness Tax Credit Act each taxable year until the total amount of  
14 credits approved for the taxable year reaches ten ~~five~~ million dollars.

15 (2) A child care and education provider shall claim any tax credits  
16 granted under the act by attaching the tax credit certification received  
17 from the department under section 77-3604 to the child care and education  
18 provider's tax return. An eligible staff member shall claim any tax  
19 credits granted under the act by attaching the tax credit certification  
20 received from the department under section 77-3605 to the eligible staff  
21 member's tax return.

22 (3) If the department finds that a person has obtained a credit by  
23 fraud or misrepresentation, the credits shall be disallowed and the  
24 taxpayer's state income tax for such taxable year shall be increased by  
25 the amount necessary to recapture the credit.

26 (4) Credits granted to a taxpayer, but later disallowed, may be  
27 recovered by the department within three years from the end of the year  
28 in which the credit was claimed.

29 Sec. 20. If any section in this act or any part of any section is  
30 declared invalid or unconstitutional, the declaration shall not affect  
31 the validity or constitutionality of the remaining portions.

1           Sec. 21. Original sections 77-2733, 77-3605, and 77-3606, Reissue  
2 Revised Statutes of Nebraska, and sections 71-1962, 77-2701, 77-2715.03,  
3 77-2715.07, 77-2716, 77-2716.01, 77-2717, 77-2734.02, 77-2734.03, and  
4 77-3604, Revised Statutes Cumulative Supplement, 2022, are repealed.

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