

LEGISLATURE OF NEBRASKA
ONE HUNDRED THIRD LEGISLATURE
SECOND SESSION

LEGISLATIVE BILL 1038

Introduced by Dubas, 34; Davis, 43.

Read first time January 22, 2014

Committee: Revenue

A BILL

1 FOR AN ACT relating to revenue and taxation; to amend sections
2 77-2701 and 77-2715.07, Revised Statutes Cumulative
3 Supplement, 2012; to provide an income tax credit for
4 certain property taxes paid on agricultural land and
5 horticultural land; to harmonize provisions; to provide
6 an operative date; and to repeal the original sections.

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

1 Section 1. Section 77-2701, Revised Statutes Cumulative
2 Supplement, 2012, is amended to read:

3 77-2701 Sections 77-2701 to 77-27,135.01 and 77-27,228 to
4 77-27,236 and section 2 of this act shall be known and may be cited
5 as the Nebraska Revenue Act of 1967.

6 Sec. 2. Any resident individual of this state who owns
7 agricultural land and horticultural land as defined in section
8 77-1359 may claim a nonrefundable credit against the income tax
9 imposed by the Nebraska Revenue Act of 1967 for the amount by which
10 the property taxes paid by such individual during the taxable year on
11 such agricultural land and horticultural land exceed five percent of
12 such individual's federal adjusted gross income.

13 Sec. 3. Section 77-2715.07, Revised Statutes Cumulative
14 Supplement, 2012, is amended to read:

15 77-2715.07 (1) There shall be allowed to qualified
16 resident individuals as a nonrefundable credit against the income tax
17 imposed by the Nebraska Revenue Act of 1967:

18 (a) A credit equal to the federal credit allowed under
19 section 22 of the Internal Revenue Code; ~~and~~

20 (b) A credit for taxes paid to another state as provided
21 in section 77-2730; and -

22 (c) A credit as provided in section 2 of this act.

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

1 (a) For returns filed reporting federal adjusted gross
2 incomes of greater than twenty-nine thousand dollars, a nonrefundable
3 credit equal to twenty-five percent of the federal credit allowed
4 under section 21 of the Internal Revenue Code of 1986, as amended;

5 (b) For returns filed reporting federal adjusted gross
6 income of twenty-nine thousand dollars or less, a refundable credit
7 equal to a percentage of the federal credit allowable under section
8 21 of the Internal Revenue Code of 1986, as amended, whether or not
9 the federal credit was limited by the federal tax liability. The
10 percentage of the federal credit shall be one hundred percent for
11 incomes not greater than twenty-two thousand dollars, and the
12 percentage shall be reduced by ten percent for each one thousand
13 dollars, or fraction thereof, by which the reported federal adjusted
14 gross income exceeds twenty-two thousand dollars;

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

21 (d) A refundable credit for individuals who qualify for
22 an income tax credit under the Angel Investment Tax Credit Act, the
23 Nebraska Advantage Microenterprise Tax Credit Act, or the Nebraska
24 Advantage Research and Development Act; and

25 (e) A refundable credit equal to ten percent of the

1 federal credit allowed under section 32 of the Internal Revenue Code
2 of 1986, as amended.

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

6 (a) A credit for personal exemptions allowed under
7 section 77-2716.01;

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

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

18 (d) A credit as provided in the New Markets Job Growth
19 Investment Act.

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

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

24 (b) A credit to all estates and trusts for contributions
25 to certified community betterment programs as provided in the

1 Community Development Assistance Act; and

2 (c) A refundable credit for individuals who qualify for
3 an income tax credit as an owner of agricultural assets under the
4 Beginning Farmer Tax Credit Act for all taxable years beginning or
5 deemed to begin on or after January 1, 2009, under the Internal
6 Revenue Code of 1986, as amended. The credit allowed for each
7 partner, shareholder, member, or beneficiary of a partnership,
8 corporation, limited liability company, or estate or trust qualifying
9 for an income tax credit as an owner of agricultural assets under the
10 Beginning Farmer Tax Credit Act shall be equal to the partner's,
11 shareholder's, member's, or beneficiary's portion of the amount of
12 tax credit distributed pursuant to subsection (4) of section 77-5211.

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

23 (b) For all taxable years beginning on or after January
24 1, 2009, under the Internal Revenue Code of 1986, as amended, there
25 shall be allowed to each partner, shareholder, member, or beneficiary

1 of a partnership, subchapter S corporation, limited liability
2 company, or estate or trust a nonrefundable credit against the income
3 tax imposed by the Nebraska Revenue Act of 1967 equal to the
4 partner's, shareholder's, member's, or beneficiary's portion of the
5 amount of franchise tax paid to the state under sections 77-3801 to
6 77-3807 by a financial institution.

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

14 Sec. 4. This act becomes operative for all taxable years
15 beginning or deemed to begin on or after January 1, 2015, under the
16 Internal Revenue Code of 1986, as amended.

17 Sec. 5. Original sections 77-2701 and 77-2715.07, Revised
18 Statutes Cumulative Supplement, 2012, are repealed.