

LEGISLATURE OF NEBRASKA
ONE HUNDRED THIRD LEGISLATURE
FIRST SESSION
LEGISLATIVE BILL 547

Introduced by Kolowski, 31.

Read first time January 23, 2013

Committee: Revenue

A BILL

1 FOR AN ACT relating to revenue and taxation; to amend sections
2 49-801.01, 77-2701, and 77-2715.07, Revised Statutes
3 Cumulative Supplement, 2012; to provide an income tax
4 credit for payments to school districts for the support
5 of extracurricular activities and character education
6 programs; to authorize school districts to offer
7 character education programs; to harmonize provisions;
8 and to repeal the original sections.
9 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 49-801.01, Revised Statutes Cumulative
2 Supplement, 2012, is amended to read:

3 49-801.01 Except as provided by Article VIII, section 1B,
4 of the Constitution of Nebraska and in sections 77-1106, 77-1108,
5 77-1109, 77-1117, 77-1119, 77-2701.01, 77-2714 to 77-27,123,
6 77-27,191, 77-4103, 77-4104, 77-4108, 77-5509, 77-5515, 77-5527 to
7 77-5529, 77-5539, 77-5717 to 77-5719, 77-5728, 77-5802, 77-5803,
8 77-5806, 77-5903, 77-6302, and 77-6306 and section 4 of this act, any
9 reference to the Internal Revenue Code refers to the Internal Revenue
10 Code of 1986 as it exists on March 8, 2012.

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

13 77-2701 Sections 77-2701 to 77-27,135.01 and 77-27,228 to
14 77-27,236 and section 4 of this act shall be known and may be cited
15 as the Nebraska Revenue Act of 1967.

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

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

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

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

25 (2) There shall be allowed to qualified resident

1 individuals against the income tax imposed by the Nebraska Revenue
2 Act of 1967:

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

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

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

23 (d) A refundable credit for individuals who qualify for
24 an income tax credit under the Angel Investment Tax Credit Act, the
25 Nebraska Advantage Microenterprise Tax Credit Act, or the Nebraska

1 Advantage Research and Development Act; and

2 (e) A refundable credit equal to ten percent of the
3 federal credit allowed under section 32 of the Internal Revenue Code
4 of 1986, as amended.

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

8 (a) A credit for personal exemptions allowed under
9 section 77-2716.01;

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

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

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

22 (e) A credit for fees paid or cash contributions made to
23 school districts for the support of extracurricular activities or
24 character education programs as provided in section 4 of this act.

25 (4) There shall be allowed as a credit against the income

1 tax imposed by the Nebraska Revenue Act of 1967:

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

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

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

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

1 franchise tax paid to the state under sections 77-3801 to 77-3807 by
2 a financial institution.

3 (b) For all taxable years beginning on or after January
4 1, 2009, under the Internal Revenue Code of 1986, as amended, there
5 shall be allowed to each partner, shareholder, member, or beneficiary
6 of a partnership, subchapter S corporation, limited liability
7 company, or estate or trust a nonrefundable credit against the income
8 tax imposed by the Nebraska Revenue Act of 1967 equal to the
9 partner's, shareholder's, member's, or beneficiary's portion of the
10 amount of franchise tax paid to the state under sections 77-3801 to
11 77-3807 by a financial institution.

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

19 Sec. 4. (1) For taxable years beginning or deemed to
20 begin on or after January 1, 2013, a nonrefundable credit is allowed
21 against the income tax imposed by the Nebraska Revenue Act of 1967
22 for the amount of any fees paid or cash contributions made by an
23 individual taxpayer during the taxable year to a school district
24 located in this state for the support of extracurricular activities
25 or character education programs of the school district, but not

1 exceeding:

2 (a) Five hundred dollars for a single individual or a
3 head of household; or

4 (b) One thousand dollars for a married couple filing
5 jointly.

6 (2) A husband and wife who file separate returns for a
7 taxable year in which they could have filed a joint return may each
8 claim only one-half of the tax credit that would have been allowed
9 for a joint return.

10 (3) The credit allowed by this section is in lieu of any
11 deduction pursuant to section 170 of the Internal Revenue Code of
12 1986, as amended, taken for state tax purposes.

13 (4) If the allowable tax credit exceeds the amount of
14 income taxes otherwise due, the taxpayer may carry the amount of the
15 unused credit forward for up to five years.

16 (5) The school district that receives cash contributions
17 that are not designated for a specific purpose shall determine how
18 the cash contributions are used at such school district.

19 (6) For purposes of this section:

20 (a) Character education program means a program described
21 in section 5 of this act;

22 (b) Extracurricular activity means a school sponsored
23 activity that requires enrolled students to pay a fee in order to
24 participate, including fees for band uniforms, equipment or uniforms
25 for varsity athletic events, scientific laboratory materials, and in-

1 state or out-of-state trips that are solely for competitive events.
2 Extracurricular activity does not include any event that is a
3 recreational, amusement, or tourist activity.

4 Sec. 5. (1) Each school district may develop and provide
5 a character education program for students in any of grades
6 kindergarten through twelve.

7 (2) Any character education program developed pursuant to
8 this section shall include:

9 (a) Instruction in the definition and application of at
10 least six of the following character traits: Truthfulness;
11 responsibility; compassion; diligence; sincerity; trustworthiness;
12 respect; attentiveness; obedience; orderliness; forgiveness; virtue;
13 fairness; caring; citizenship; sportsmanship; and integrity;

14 (b) The use of activities, discussions, visual media, and
15 literacy presentations to illustrate and reinforce the application of
16 the character traits; and

17 (c) Presentations by teachers or mentors who demonstrate
18 the character traits.

19 (3) Parents may elect for their child not to participate
20 in the character education program.

21 (4) A school district with a character education program
22 may accept donations or charge fees for the program if the program is
23 not offered during regular school hours.

24 Sec. 6. Original sections 49-801.01, 77-2701 and
25 77-2715.07, Revised Statutes Cumulative Supplement, 2012, are

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1 repealed.