

LEGISLATURE OF NEBRASKA
ONE HUNDRED FOURTH LEGISLATURE
SECOND SESSION

LEGISLATIVE BILL 889

Introduced by Mello, 5; Campbell, 25; Cook, 13; Kolowski, 31; Kolterman,
24; McCollister, 20; Stinner, 48; Sullivan, 41.

Read first time January 11, 2016

Committee: Revenue

- 1 A BILL FOR AN ACT relating to revenue and taxation; to amend sections
- 2 77-2717 and 77-2734.03, Revised Statutes Cumulative Supplement,
- 3 2014, and sections 68-1201, 71-1962, and 77-2715.07, Revised
- 4 Statutes Supplement, 2015; to adopt the School Readiness Tax Credit
- 5 Act; to provide income tax credits; to exclude tax credits from
- 6 certain eligibility determinations; to harmonize provisions; and to
- 7 repeal the original sections.
- 8 Be it enacted by the people of the State of Nebraska,

1 Section 1. Sections 1 to 9 of this act shall be known and may be
2 cited as the School Readiness Tax Credit Act.

3 Sec. 2. The Legislature finds that the benefits of quality child
4 care and early childhood education are indisputable, and that a striking
5 connection exists between children's learning experiences well before
6 kindergarten and their later school success.

7 Sec. 3. For purposes of the School Readiness Tax Credit Act:

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

9 (2) Child care and education provider means a person who owns an
10 eligible program;

11 (3) Eligible business expenses means the total of the following
12 expenses of a business that supports eligible programs as provided for in
13 section 7 of this act:

14 (a) Expenses for the construction, renovation, expansion, or major
15 repair of a facility housing an eligible program, for the purchase of
16 equipment for an eligible program, or for the maintenance and operation
17 of an eligible program, not to exceed fifty thousand dollars in expenses
18 per tax year;

19 (b) Payments made to an eligible program for child care and
20 education services to support employees, not to exceed five thousand
21 dollars per child per tax year; and

22 (c) The purchase of child care slots at eligible programs actually
23 provided or reserved for children of employees, not to exceed fifty
24 thousand dollars per tax year;

25 (4) Eligible program means an applicable child care and early
26 childhood education program as defined in section 71-1954 that has
27 applied to participate in the quality rating and improvement system
28 developed under the Step Up to Quality Child Care Act and has been
29 assigned a quality scale rating;

30 (5) Eligible staff member means an individual who is employed with
31 an eligible program for at least six months of the taxable year and who

1 is listed and classified under the Nebraska Early Childhood Professional
 2 Record System as provided in subsection (4) of section 71-1962; and
 3 (6) Quality scale rating means the rating of an eligible program
 4 under the Step Up to Quality Child Care Act which is expressed in terms
 5 of steps, with step one being the lowest rating and step five being the
 6 highest rating.

7 Sec. 4. (1) For taxable years beginning or deemed to begin on or
 8 after January 1, 2017, under the Internal Revenue Code of 1986, as
 9 amended, a refundable credit against the income tax imposed by the
 10 Nebraska Revenue Act of 1967 shall be allowed to any individual meeting
 11 the following requirements:

12 (a) The individual received a state income tax credit under
 13 subdivision (2)(a) or (2)(b) of section 77-2715.07 for the taxable year;
 14 and

15 (b) The individual had a child who attended an eligible program for
 16 the taxable year.

17 (2) The refundable credit provided in this section shall be equal to
 18 the credit received by the individual under subdivision (2)(a) or (2)(b)
 19 of section 77-2715.07, multiplied by a percentage based upon the quality
 20 scale rating of the eligible program that the individual's child attended
 21 as follows:

<u>Quality Scale Rating of Eligible Program</u>	<u>Percentage</u>
<u>Step Five</u>	<u>200%</u>
<u>Step Four</u>	<u>150%</u>
<u>Step Three</u>	<u>100%</u>
<u>Step Two</u>	<u>50%</u>
<u>Step One</u>	<u>0%</u>

28 (3) The refundable credit provided in this section shall be in
 29 addition to any credit received by the individual under subdivision (2)
 30 (a) or (2)(b) of section 77-2715.07.

31 (4) Individuals with multiple children shall calculate the credit

1 provided in this section for each child separately. In the event that a
2 single child receives services in more than one eligible program in a
3 single taxable year, the eligible program with the highest quality scale
4 rating shall be used to calculate the credit provided in this section.

5 Sec. 5. (1) For taxable years beginning or deemed to begin on or
6 after January 1, 2017, under the Internal Revenue Code of 1986, as
7 amended, a refundable credit against the income tax imposed by the
8 Nebraska Revenue Act of 1967 shall be allowed to any child care and
9 education provider whose eligible program provides services to children
10 who participate in the child care subsidy program established pursuant to
11 section 68-1202.

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

17 <u>Quality Scale Rating of Eligible Program</u>	<u>Tax Credit Per Child Attending</u> <u>Eligible Program</u>
19 <u>Step Five</u>	<u>\$1,500</u>
20 <u>Step Four</u>	<u>\$1,250</u>
21 <u>Step Three</u>	<u>\$1,000</u>
22 <u>Step Two</u>	<u>\$750</u>
23 <u>Step One</u>	<u>\$0</u>

24 Sec. 6. (1) For taxable years beginning or deemed to begin on or
25 after January 1, 2017, under the Internal Revenue Code of 1986, as
26 amended, a refundable credit against the income tax imposed by the
27 Nebraska Revenue Act of 1967 shall be allowed to any eligible staff
28 member. The credit shall be an amount based upon the eligible staff
29 member's classification under the Nebraska Early Childhood Professional
30 Record System as follows:

31 <u>Eligible Staff Member's Classification</u>	<u>Tax Credit</u>
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1	<u>Level Four</u>	<u>\$3,000</u>
2	<u>Level Three</u>	<u>\$2,500</u>
3	<u>Level Two</u>	<u>\$2,000</u>
4	<u>Level One</u>	<u>\$1,500</u>

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

12 (3) In order to receive the credit provided for in this section, the
13 eligible staff member shall file with his or her income tax return an
14 attestation form provided by the Nebraska Early Childhood Professional
15 Record System verifying that the eligible staff member meets all the
16 requirements and qualifications for the level claimed.

17 Sec. 7. For taxable years beginning or deemed to begin on or after
18 January 1, 2017, under the Internal Revenue Code of 1986, as amended, a
19 refundable credit against the income tax imposed by the Nebraska Revenue
20 Act of 1967 shall be allowed for the eligible business expenses supported
21 by a business. The credit shall be equal to a percentage of the eligible
22 business expenses incurred by a business based upon the quality scale
23 rating of the eligible program to which the expenses are related or the
24 quality scale rating of the eligible program the child attends as
25 follows:

26	<u>Quality Scale Rating of Eligible Program</u>	<u>Percentage of Eligible Business</u>
27		<u>Expenses Allowed as a Tax Credit</u>
28	<u>Step Five</u>	<u>20%</u>
29	<u>Step Four</u>	<u>15%</u>
30	<u>Step Three</u>	<u>10%</u>
31	<u>Step Two</u>	<u>5%</u>

1 Step One 0%

2 Sec. 8. (1) The refundable credits allowed under the School
3 Readiness Tax Credit Act may be claimed by filing a form developed by the
4 Tax Commissioner.

5 (2) If the Tax Commissioner finds that a person has obtained a
6 credit by fraud or misrepresentation, then the credits shall be
7 disallowed and the taxpayer's state income tax for such taxable year
8 shall be increased by the amount necessary to recapture the credit.

9 (3) Credits granted to a taxpayer, but later disallowed, may be
10 recovered by the Tax Commissioner within three years from the end of the
11 year in which the credit was taken.

12 Sec. 9. The Tax Commissioner may adopt and promulgate rules and
13 regulations to carry out the School Readiness Tax Credit Act.

14 Sec. 10. Section 68-1201, Revised Statutes Supplement, 2015, is
15 amended to read:

16 68-1201 In determining eligibility for the program for aid to
17 dependent children pursuant to section 43-512, for the Supplemental
18 Nutrition Assistance Program administered by the State of Nebraska
19 pursuant to the federal Food and Nutrition Act of 2008, 7 U.S.C. 2011 et
20 seq., and for the child care subsidy program established pursuant to
21 section 68-1202, the following shall not be included in determining
22 assets or income:

23 (1) Assets in or income from an educational savings account, a
24 Coverdell educational savings account described in 26 U.S.C. 530, a
25 qualified tuition program established pursuant to 26 U.S.C. 529, or any
26 similar savings account or plan established to save for qualified higher
27 education expenses as defined in section 85-1802;

28 (2) Income from scholarships or grants related to postsecondary
29 education, whether merit-based, need-based, or a combination thereof;

30 (3) Income from postsecondary educational work-study programs,
31 whether federally funded, funded by a postsecondary educational

1 institution, or funded from any other source;~~and~~

2 (4) Assets in or income from an account under a qualified program as
3 provided in section 77-1402; and -

4 (5) Income from any tax credits received pursuant to the School
5 Readiness Tax Credit Act.

6 Sec. 11. Section 71-1962, Revised Statutes Supplement, 2015, is
7 amended to read:

8 71-1962 (1) Not later than March 1, 2014, the State Department of
9 Education shall create and operate the Nebraska Early Childhood
10 Professional Record System. The system shall be designed in order to:

11 (a) Establish a data base of Nebraska's early childhood education
12 workforce;

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

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

19 (2) When an applicable child care or early childhood education
20 program participating in the quality rating and improvement system
21 developed pursuant to section 71-1955 applies under section 71-1959 to be
22 rated at a step above step one, the child care or early childhood
23 education program shall report the educational degrees and professional
24 credentials held and relevant training completed by its child care and
25 early childhood education employees to the Nebraska Early Childhood
26 Professional Record System for the program to be eligible for a quality
27 scale rating above step one.

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

1 (4) The State Department of Education shall develop a classification
2 system for all employees of applicable child care and early childhood
3 education programs listed in the Nebraska Early Childhood Professional
4 Record System. The classification system shall be based on the employees'
5 educational degrees and professional credentials held, relevant training
6 completed, and work history and shall be made up of four levels, with
7 level one being the least qualified and level four being the most
8 qualified. The classification system shall be used for purposes of the
9 tax credit granted in section 6 of this act.

10 Sec. 12. Section 77-2715.07, Revised Statutes Supplement, 2015, is
11 amended to read:

12 77-2715.07 (1) There shall be allowed to qualified resident
13 individuals as a nonrefundable credit against the income tax imposed by
14 the Nebraska Revenue Act of 1967:

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

17 (b) A credit for taxes paid to another state as provided in section
18 77-2730.

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

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

31 (b) For returns filed reporting federal adjusted gross income of

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

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

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

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

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

4 (a) A credit for personal exemptions allowed under section
5 77-2716.01;

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

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

15 (d) A credit as provided in the New Markets Job Growth Investment
16 Act; and

17 (e) A credit as provided in the Nebraska Job Creation and Mainstreet
18 Revitalization 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 (4) 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 refundable credits
30 against the income tax imposed by the Nebraska Revenue Act of 1967 as
31 provided in the School Readiness Tax Credit Act.

1 Sec. 13. Section 77-2717, Revised Statutes Cumulative Supplement,
2 2014, is amended to read:

3 77-2717 (1)(a)(i) For taxable years beginning or deemed to begin
4 before January 1, 2014, the tax imposed on all resident estates and
5 trusts shall be a percentage of the federal taxable income of such
6 estates and trusts as modified in section 77-2716, plus a percentage of
7 the federal alternative minimum tax and the federal tax on premature or
8 lump-sum distributions from qualified retirement plans. The additional
9 taxes shall be recomputed by (A) substituting Nebraska taxable income for
10 federal taxable income, (B) calculating what the federal alternative
11 minimum tax would be on Nebraska taxable income and adjusting such
12 calculations for any items which are reflected differently in the
13 determination of federal taxable income, and (C) applying Nebraska rates
14 to the result. The federal credit for prior year minimum tax, after the
15 recomputations required by the Nebraska Revenue Act of 1967, and the
16 credits provided in the Nebraska Advantage Microenterprise Tax Credit Act
17 and the Nebraska Advantage Research and Development Act shall be allowed
18 as a reduction in the income tax due. A refundable income tax credit
19 shall be allowed for all resident estates and trusts under the Angel
20 Investment Tax Credit Act, the Nebraska Advantage Microenterprise Tax
21 Credit Act, and the Nebraska Advantage Research and Development Act. A
22 nonrefundable income tax credit shall be allowed for all resident estates
23 and trusts as provided in the New Markets Job Growth Investment Act.

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

1 Tax Credit Act and the Nebraska Advantage Research and Development Act
2 shall be allowed as a reduction in the income tax due. A refundable
3 income tax credit shall be allowed for all resident estates and trusts
4 under the Angel Investment Tax Credit Act, the Nebraska Advantage
5 Microenterprise Tax Credit Act, ~~and~~ the Nebraska Advantage Research and
6 Development Act, and the School Readiness Tax Credit Act. A nonrefundable
7 income tax credit shall be allowed for all resident estates and trusts as
8 provided in the Nebraska Job Creation and Mainstreet Revitalization Act
9 and the New Markets Job Growth Investment Act.

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 ~~and~~ the Nebraska Advantage Research and Development Act, and the School
29 Readiness Tax Credit Act. A nonrefundable income tax credit shall be
30 allowed for all nonresident estates and trusts as provided in the
31 Nebraska Job Creation and Mainstreet Revitalization Act and the New

1 Markets Job Growth Investment Act.

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

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

26 (4) If any beneficiary of such estate or trust is a nonresident
27 during any part of the estate's or trust's taxable year, he or she shall
28 file a Nebraska income tax return which shall include (a) in Nebraska
29 adjusted gross income that portion of the estate's or trust's Nebraska
30 income, as determined under sections 77-2724 and 77-2725, allocable to
31 his or her interest in the estate or trust and (b) a reduction of the

1 Nebraska tax liability by his or her proportionate share of the credits
2 as provided in the Angel Investment Tax Credit Act, the Nebraska
3 Advantage Microenterprise Tax Credit Act, the Nebraska Advantage Research
4 and Development Act, the Nebraska Job Creation and Mainstreet
5 Revitalization Act, ~~and~~ the New Markets Job Growth Investment Act, and
6 the School Readiness Tax Credit Act and shall execute and forward to the
7 fiduciary, on or before the original due date of the Nebraska fiduciary
8 return, an agreement which states that he or she will file a Nebraska
9 income tax return and pay income tax on all income derived from or
10 connected with sources in this state, and such agreement shall be
11 attached to the Nebraska fiduciary return for such taxable year.

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

28 (6) The Tax Commissioner may allow a nonresident beneficiary to not
29 file a Nebraska income tax return if the nonresident beneficiary's only
30 source of Nebraska income was his or her share of the estate's or trust's
31 income which was derived from or attributable to sources within this

1 state, the nonresident did not file an agreement to file a Nebraska
2 income tax return, and the estate or trust has remitted the amount
3 required by subsection (5) of this section on behalf of such nonresident
4 beneficiary. The amount remitted shall be retained in satisfaction of the
5 Nebraska income tax liability of the nonresident beneficiary.

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

13 (8) For purposes of this section, any beneficiary of an estate or
14 trust that is a grantor trust of a nonresident shall be disregarded and
15 this section shall apply as though the nonresident grantor was the
16 beneficiary.

17 Sec. 14. Section 77-2734.03, Revised Statutes Cumulative Supplement,
18 2014, 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 ~~and the Nebraska Advantage Research and Development Act, and the School~~
24 Readiness Tax Credit Act.

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

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

31 Sec. 15. Original sections 77-2717 and 77-2734.03, Revised Statutes

1 Cumulative Supplement, 2014, and sections 68-1201, 71-1962, and
2 77-2715.07, Revised Statutes Supplement, 2015, are repealed.