

LEGISLATURE OF NEBRASKA
NINETY-SIXTH LEGISLATURE
SECOND SESSION

LEGISLATIVE BILL 925

Introduced by Landis, 46

Read first time January 5, 2000

Committee: Revenue

A BILL

1 FOR AN ACT relating to revenue and taxation; to amend sections
2 77-908 and 77-3806, Reissue Revised Statutes of Nebraska,
3 sections 77-2701 and 77-2734.03, Revised Statutes
4 Supplement, 1998, and section 77-2715.07, Revised
5 Statutes Supplement, 1999; to provide a tax credit for
6 business child care expenditures; to harmonize
7 provisions; to provide an operative date; and to repeal
8 the original sections.
9 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 77-908, Reissue Revised Statutes of
2 Nebraska, is amended to read:

3 77-908. Every insurance company organized under the
4 stock, mutual, assessment, or reciprocal plan, except fraternal
5 benefit societies, which is transacting business in this state
6 shall, on or before March 1 of each year, pay a tax to the director
7 of one percent of the gross amount of direct writing premiums
8 received by it during the preceding calendar year for business done
9 in this state, except that (1) for group sickness and accident
10 insurance the rate of such tax shall be five-tenths of one percent
11 and (2) for property and casualty insurance, excluding individual
12 sickness and accident insurance, the rate of such tax shall be one
13 percent. The taxable premiums shall include premiums paid on the
14 lives of persons residing in this state and premiums paid for risks
15 located in this state whether the insurance was written in this
16 state or not, including that portion of a group premium paid which
17 represents the premium for insurance on Nebraska residents or risks
18 located in Nebraska included within the group when the number of
19 lives in the group exceeds five hundred. The tax shall also apply
20 to premiums received by domestic companies for insurance written on
21 individuals residing outside this state or risks located outside
22 this state if no comparable tax is paid by the direct writing
23 domestic company to any other appropriate taxing authority.
24 Companies whose scheme of operation contemplates the return of a
25 portion of premiums to policyholders, without such policyholders
26 being claimants under the terms of their policies, may deduct such
27 return premiums or dividends from their gross premiums for the
28 purpose of tax calculations. Any such insurance company shall

1 receive a credit on the tax imposed as provided in the Community
2 Development Assistance Act and section 3 of this act.

3 Sec. 2. Section 77-2701, Revised Statutes Supplement,
4 1998, is amended to read:

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

8 Sec. 3. (1) For purposes of this section:

9 (a) Business firm means any business entity, including a
10 corporation, a fiduciary, a sole proprietorship, a partnership, a
11 limited liability company, or a corporation subject to the state
12 income tax imposed by section 77-2715 or 77-2734.02, an insurance
13 company paying premium or related retaliatory taxes in this state
14 pursuant to section 44-150 or 77-908, or a financial institution
15 paying the tax imposed pursuant to sections 77-3801 to 77-3807; and

16 (b) Providing child care services means expending funds
17 to build, furnish, license, staff, operate, or subsidize a child
18 care facility licensed by the Department of Health and Human
19 Services Regulation and Licensure which provides child care
20 services to children of employees of the business firm or
21 contracting with a licensed child care facility to provide child
22 care services to children of such employees.

23 (2) Any business firm which provides child care services
24 shall be allowed a credit against the individual income tax,
25 corporate income tax, premium or related retaliatory tax, or
26 franchise tax equal to thirty percent of the costs incurred by the
27 business firm in providing child care services for children of
28 employees for each taxable year, up to fifty percent of such

1 business firm's total tax liability. Such credit shall only be
2 deducted from the business firm's tax liability for the taxable
3 year in which the expenditures occurred. The credit may not be
4 carried forward to the next taxable year. The credit may be taken
5 by the business firm for not more than three taxable years.

6 (3) If two or more business firms share in the cost of
7 providing child care services for children of such business firms'
8 employees, each business firm shall be allowed a tax credit in
9 proportion to such business firm's share of the total costs.

10 (4) The Tax Commissioner and Director of Insurance shall
11 adopt and promulgate rules and regulations to carry out this
12 section.

13 Sec. 4. Section 77-2715.07, Revised Statutes Supplement,
14 1999, 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
17 tax 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.

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

25 (a) For returns filed reporting federal adjusted gross
26 incomes of greater than twenty-nine thousand dollars, a
27 nonrefundable credit equal to twenty-five percent of the federal
28 credit allowed under section 21 of the Internal Revenue Code of

1 1986, as amended;

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

12 (c) A refundable credit for individuals who qualify for
13 an income tax credit under the Beginning Farmer Tax Credit Act for
14 all taxable years beginning or deemed to begin on or after January
15 1, 2001, under the Internal Revenue Code of 1986, as amended.

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

19 (a) A credit for personal exemptions allowed under
20 section 77-2716.01; and

21 (b) A credit for contributions to certified community
22 betterment programs as provided in the Community Development
23 Assistance Act. Each partner, each shareholder of an electing
24 subchapter S corporation, each beneficiary of an estate or trust,
25 or each member of a limited liability company shall report his or
26 her share of the credit in the same manner and proportion as he or
27 she reports the partnership, subchapter S corporation, estate,
28 trust, or limited liability company income.

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

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

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

8 (5) There shall be allowed to all business firms as a
9 credit against the income tax imposed by the Nebraska Revenue Act
10 of 1967 a credit as provided in section 3 of this act.

11 Sec. 5. Section 77-2734.03, Revised Statutes Supplement,
12 1998, is amended to read:

13 77-2734.03. (1)(a) For taxable years commencing prior to
14 January 1, 1997, any (i) insurer paying a tax on premiums and
15 assessments pursuant to section 77-908 or 81-523, (ii) electric
16 cooperative organized under the Joint Public Power Authority Act,
17 or (iii) credit union shall be credited, in the computation of the
18 tax due under the Nebraska Revenue Act of 1967, with the amount
19 paid during the taxable year as taxes on such premiums and
20 assessments and taxes in lieu of intangible tax.

21 (b) For taxable years commencing on or after January 1,
22 1997, any insurer paying a tax on premiums and assessments pursuant
23 to section 77-908 or 81-523, any electric cooperative organized
24 under the Joint Public Power Authority Act, or any credit union
25 shall be credited, in the computation of the tax due under the
26 Nebraska Revenue Act of 1967, with the amount paid during the
27 taxable year as (i) taxes on such premiums and assessments included
28 as Nebraska premiums and assessments under section 77-2734.05 and

1 (ii) taxes in lieu of intangible tax.

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

9 (2) There shall be allowed to corporate taxpayers a
10 credit for nonhighway use motor vehicle fuels as provided in
11 section 66-4,124.

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

15 (4) There shall be allowed to corporate taxpayers a tax
16 credit as provided in section 3 of this act.

17 Sec. 6. Section 77-3806, Reissue Revised Statutes of
18 Nebraska, is amended to read:

19 77-3806. (1) The tax return shall be filed and the total
20 amount of the franchise tax shall be due on the fifteenth day of
21 the third month after the end of the taxable year. No extension of
22 time to pay the tax shall be granted. If the Tax Commissioner
23 determines that the amount of tax can be computed from available
24 information filed by the financial institutions with either state
25 or federal regulatory agencies, the Tax Commissioner may, by
26 regulation, waive the requirement for the financial institutions to
27 file returns.

28 (2) Sections 77-2714 to 77-27,135 relating to

1 deficiencies, penalties, interest, the collection of delinquent
2 amounts, and appeal procedures for the tax imposed by section
3 77-2734.02 shall also apply to the tax imposed by section 77-3802.
4 If the filing of a return is waived by the Tax Commissioner, the
5 payment of the tax shall be considered the filing of a return for
6 purposes of sections 77-2714 to 77-27,135.

7 (3) No refund of the tax imposed by section 77-3802 shall
8 be allowed unless a claim for such refund is filed within ninety
9 days of the date on which (a) the tax is due or was paid, whichever
10 is later, or (b) a change is made to the amount of deposits or the
11 net financial income of the financial institution by a state or
12 federal regulatory agency.

13 (4) Any such financial institution shall receive a credit
14 on the franchise tax as provided under the Community Development
15 Assistance Act and section 3 of this act.

16 Sec. 7. This act becomes operative for taxable years
17 beginning or deemed to begin on or after January 1, 2001, under the
18 Internal Revenue Code of 1986, as amended.

19 Sec. 8. Original sections 77-908 and 77-3806, Reissue
20 Revised Statutes of Nebraska, sections 77-2701 and 77-2734.03,
21 Revised Statutes Supplement, 1998, and section 77-2715.07, Revised
22 Statutes Supplement, 1999, are repealed.