

## LEGISLATIVE BILL 1010

Approved by the Governor April 12, 2006

Introduced by Connealy, 16

AN ACT relating to revenue and taxation; to amend sections 77-27,230, 77-27,231, 77-27,232, and 77-27,233, Revised Statutes Supplement, 2005; to permit a taxpayer to receive both a charitable deduction and a charitable endowment tax credit; to reduce the amount of the credit allowed; to provide an operative date; and to repeal the original sections.

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

Section 1. Section 77-27,230, Revised Statutes Supplement, 2005, is amended to read:

77-27,230 (1) A resident individual shall be allowed a credit against the income tax due under the Nebraska Revenue Act of 1967 in an amount equal to ~~thirty~~ fifteen percent of the present value of the aggregate amount of the charitable gift portion of a planned gift made by the individual during the tax year to any qualified endowment. The maximum credit per individual per tax year is ~~ten~~ five thousand dollars. The credit allowed under this section shall not exceed the taxpayer's income tax liability.

~~(2) The credit allowed under this section cannot be claimed to the extent that the taxpayer has included the contribution upon which the amount of the credit was computed as a deduction on his or her state income tax return.~~

~~(3) (2) The credit cannot be carried back or forward, and the credit shall be applied to the tax year in which the planned gift is made.~~

Sec. 2. Section 77-27,231, Revised Statutes Supplement, 2005, is amended to read:

77-27,231 A contribution to a qualified endowment by a small business corporation, partnership, or limited liability company carrying on any trade or business for which deductions would be allowed under section 162 of the Internal Revenue Code or carrying on any rental activity qualifies for the credit provided in section 77-27,230. The credit shall be attributed to shareholders, partners, or members in the same proportion used to report the corporation's, partnership's, or limited liability company's income or loss for income tax purposes. The maximum credit per shareholder, partner, or member per tax year is ~~ten~~ five thousand dollars. ~~subject to the limitation in subsection (2) of section 77-27,230.~~ The credit allowed under this section may not exceed the taxpayer's income tax liability. The credit cannot be carried back or forward, and the credit shall be applied to the tax year in which the contribution is made.

Sec. 3. Section 77-27,232, Revised Statutes Supplement, 2005, is amended to read:

77-27,232 A corporation shall be allowed a credit against the income tax due under the Nebraska Revenue Act of 1967 in an amount equal to ~~twenty~~ ten percent of any contribution made by the corporation to a qualified endowment. The maximum credit that may be claimed by a corporation for contributions made per tax year under this section is ~~ten~~ five thousand dollars. The credit allowed under this section shall not exceed the taxpayer's income tax liability. ~~The credit allowed under this section cannot be claimed to the extent that the taxpayer has included the contribution upon which the amount of the credit was computed as a deduction on its state income tax return.~~ The credit cannot be carried back or forward, and the credit shall be applied to the tax year in which the contribution is made.

Sec. 4. Section 77-27,233, Revised Statutes Supplement, 2005, is amended to read:

77-27,233 A contribution to a qualified endowment by a resident estate or trust qualifies for the credit provided in section 77-27,230 if the contribution is a planned gift or in section 77-27,232 if the contribution is an outright gift to a qualified endowment. Any credit not used by the estate or trust may be attributed to each beneficiary of the estate or trust in the same proportion used to report the beneficiary's income from the estate or trust for Nebraska income tax purposes. The maximum credit per beneficiary is ~~ten~~ five thousand dollars, ~~subject to the limitation in subsection (2) of section 77-27,230,~~ and the credit can only be claimed in the tax year in which the contribution is made. The credit cannot be carried back or forward.

Sec. 5. This act becomes operative for taxable years beginning or deemed to begin on or after January 1, 2006, under the Internal Revenue Code of 1986, as amended.

Sec. 6. Original sections 77-27,230, 77-27,231, 77-27,232, and 77-27,233, Revised Statutes Supplement, 2005, are repealed.