

LEGISLATURE OF NEBRASKA
ONE HUNDRED THIRD LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 389

Introduced by Bolz, 29; Campbell, 25; Coash, 27; Wallman, 30.
Read first time January 18, 2013
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 adoption and guardianship costs; to harmonize provisions;
5 and to repeal the original sections.
6 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 3 of this act shall be known and may be cited
5 as the Nebraska Revenue Act of 1967.

6 Sec. 2. Section 77-2715.07, Revised Statutes Cumulative
7 Supplement, 2012, is amended to read:

8 77-2715.07 (1) There shall be allowed to qualified
9 resident individuals as a nonrefundable credit against the income tax
10 imposed by the Nebraska Revenue Act of 1967:

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

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

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

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

22 (b) For returns filed reporting federal adjusted gross
23 income of twenty-nine thousand dollars or less, a refundable credit
24 equal to a percentage of the federal credit allowable under section
25 21 of the Internal Revenue Code of 1986, as amended, whether or not

1 the federal credit was limited by the federal tax liability. The
2 percentage of the federal credit shall be one hundred percent for
3 incomes not greater than twenty-two thousand dollars, and the
4 percentage shall be reduced by ten percent for each one thousand
5 dollars, or fraction thereof, by which the reported federal adjusted
6 gross income exceeds twenty-two thousand dollars;

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

13 (d) A refundable credit for individuals who qualify for
14 an income tax credit under the Angel Investment Tax Credit Act, the
15 Nebraska Advantage Microenterprise Tax Credit Act, or the Nebraska
16 Advantage Research and Development Act; and

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

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

23 (a) A credit for personal exemptions allowed under
24 section 77-2716.01;

25 (b) A credit for contributions to certified community

1 betterment programs as provided in the Community Development
2 Assistance Act. Each partner, each shareholder of an electing
3 subchapter S corporation, each beneficiary of an estate or trust, or
4 each member of a limited liability company shall report his or her
5 share of the credit in the same manner and proportion as he or she
6 reports the partnership, subchapter S corporation, estate, trust, or
7 limited liability company income;

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

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

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

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

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

19 (c) A refundable credit for individuals who qualify for
20 an income tax credit as an owner of agricultural assets under the
21 Beginning Farmer Tax Credit Act for all taxable years beginning or
22 deemed to begin on or after January 1, 2009, under the Internal
23 Revenue Code of 1986, as amended. The credit allowed for each
24 partner, shareholder, member, or beneficiary of a partnership,
25 corporation, limited liability company, or estate or trust qualifying

1 for an income tax credit as an owner of agricultural assets under the
2 Beginning Farmer Tax Credit Act shall be equal to the partner's,
3 shareholder's, member's, or beneficiary's portion of the amount of
4 tax credit distributed pursuant to subsection (4) of section 77-5211;
5 and -

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

16 (b) For all taxable years beginning on or after January
17 1, 2009, under the Internal Revenue Code of 1986, as amended, there
18 shall be allowed to each partner, shareholder, member, or beneficiary
19 of a partnership, subchapter S corporation, limited liability
20 company, or estate or trust a nonrefundable credit against the income
21 tax imposed by the Nebraska Revenue Act of 1967 equal to the
22 partner's, shareholder's, member's, or beneficiary's portion of the
23 amount of franchise tax paid to the state under sections 77-3801 to
24 77-3807 by a financial institution.

25 (c) Each partner, shareholder, member, or beneficiary

1 shall report his or her share of the credit in the same manner and
2 proportion as he or she reports the partnership, subchapter S
3 corporation, limited liability company, or estate or trust income. If
4 any partner, shareholder, member, or beneficiary cannot fully utilize
5 the credit for that year, the credit may not be carried forward or
6 back.

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

9 (a) A refundable credit for adoption and guardianship
10 costs as provided in section 3 of this act; and

11 (b) A nonrefundable credit for adoption and guardianship
12 costs as provided in section 3 of this act.

13 Sec. 3. (1) For taxable years beginning or deemed to
14 begin on or after January 1, 2013, there shall be allowed as a credit
15 against the income tax imposed by the Nebraska Revenue Act of 1967 an
16 amount equal to fifty percent of the qualified costs paid or incurred
17 by an individual taxpayer for the adoption or guardianship of any
18 minor child who is a citizen or legal resident of the United States
19 and was in the custody of a public agency of either this state or a
20 political subdivision of this state.

21 (2) For purposes of this section, qualified costs means:

22 (a) Fees for required services of either the Department
23 of Health and Human Services or a licensed adoption agency;

24 (b) Travel and related expenses for the adoptive family
25 or the guardian that are directly related to the adoption process or

1 the guardianship;

2 (c) Medical fees and expenses that are not reimbursed and
3 are directly related to the adoption process or the guardianship; and

4 (d) Court costs, accounting fees, attorney's fees, and
5 any other nonrecurring expenses not otherwise paid for by the state
6 that are directly related to the adoption process or the
7 guardianship.

8 (3) The credit allowed under this section shall be
9 claimed for the taxable year in which the decree or order of adoption
10 or guardianship is entered and may include any qualified costs of
11 that adoption or guardianship paid or incurred in any prior taxable
12 year.

13 (4) The credit allowed under this section shall be a
14 refundable credit if the taxpayer claiming the credit has a federal
15 adjusted gross income that does not exceed two hundred fifty percent
16 of the federal poverty guidelines as established annually by the
17 Department of Health and Human Services. The credit shall be a
18 nonrefundable credit if the taxpayer claiming the credit has a
19 federal adjusted gross income that exceeds two hundred fifty percent
20 of the federal poverty guidelines as established annually by the
21 Department of Health and Human Services.

22 (5) The credit allowed under this section shall not
23 exceed four thousand dollars per minor child. The credit may be
24 carried over until fully utilized.

25 Sec. 4. Original sections 77-2701 and 77-2715.07, Revised

1 Statutes Cumulative Supplement, 2012, are repealed.