

LEGISLATURE OF NEBRASKA  
ONE HUNDRED FOURTH LEGISLATURE  
SECOND SESSION

**LEGISLATIVE BILL 889**

FINAL READING

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 7 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 or  
10 operates an eligible program;

11           (3) Department means the Department of Revenue;

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

17           (5) Eligible staff member means an individual who is employed with  
18 an eligible program for at least six months of the taxable year and who  
19 is listed in the Nebraska Early Childhood Professional Record System and  
20 classified as provided in subsection (4) of section 71-1962. Eligible  
21 staff member does not include certificated teaching and administrative  
22 staff employed by programs established pursuant to section 79-1104; and

23           (6) Quality scale rating means the rating of an eligible program  
24 under the Step Up to Quality Child Care Act which is expressed in terms  
25 of steps, with step one being the lowest rating and step five being the  
26 highest rating.

27           Sec. 4. (1) A child care and education provider whose eligible  
28 program provides services to children who participate in the child care  
29 subsidy program established pursuant to section 68-1202 may apply to the  
30 department to receive a nonrefundable tax credit against the income tax  
31 imposed by the Nebraska Revenue Act of 1967.

1       (2) The nonrefundable credit provided in this section shall be an  
2 amount equal to the average monthly number of children described in  
3 subsection (1) of this section who are attending the child care and  
4 education provider’s eligible program, multiplied by an amount based upon  
5 the quality scale rating of such eligible program as follows:

<u>Quality Scale Rating of Eligible Program</u>	<u>Tax Credit Per Child Attending</u> <u>Eligible Program</u>
8 <u>Step Five</u>	\$750
9 <u>Step Four</u>	\$500
10 <u>Step Three</u>	\$250
11 <u>Step Two</u>	\$0
12 <u>Step One</u>	\$0

13       (3) A child care and education provider shall apply for the credit  
14 provided in this section by submitting an application to the department  
15 with the following information:

16       (a) The number of children described in subsection (1) of this  
17 section who attended the child care and education provider’s eligible  
18 program during each month of the most recently completed taxable year;

19       (b) Documentation to show the quality scale rating of the child care  
20 and education provider’s eligible program; and

21       (c) Any other documentation required by the department.

22       (4) Subject to subsection (5) of this section, if the department  
23 determines that the child care and education provider qualifies for tax  
24 credits under this section, it shall approve the application and certify  
25 the amount of credits approved to the child care and education provider.

26       (5) The department shall consider applications in the order in which  
27 they are received and may approve tax credits under this section in any  
28 taxable year until the aggregate limit allowed under subsection (1) of  
29 section 6 of this act has been reached.

30       (6) The credit provided in this section shall be available for  
31 taxable years beginning or deemed to begin on or after January 1, 2017,

1 and before January 1, 2022, under the Internal Revenue Code of 1986, as  
2 amended.

3 Sec. 5. (1) An eligible staff member may apply to the department to  
4 receive a refundable tax credit against the income tax imposed by the  
5 Nebraska Revenue Act of 1967. The amount of the credit shall be based on  
6 the eligible staff member's classification under subsection (4) of  
7 section 71-1962 as follows:

<u>Eligible Staff Member's Classification</u>	<u>Tax Credit</u>
<u>Level Four</u>	<u>\$1,500</u>
<u>Level Three</u>	<u>\$1,250</u>
<u>Level Two</u>	<u>\$750</u>
<u>Level One</u>	<u>\$500</u>

13 (2) An eligible staff member shall apply for the credit provided in  
14 this section by submitting an application to the department with the  
15 following information:

16 (a) The eligible staff member's name and place of employment;

17 (b) An attestation form provided by the Nebraska Early Childhood  
18 Professional Record System verifying the level at which the eligible  
19 staff member is classified under subsection (4) of section 71-1962; and

20 (c) Any other documentation required by the department.

21 (3) Subject to subsection (4) of this section, if the department  
22 determines that the eligible staff member qualifies for tax credits under  
23 this section, it shall approve the application and certify the amount of  
24 credits approved to the eligible staff member.

25 (4) The department shall consider applications in the order in which  
26 they are received and may approve tax credits under this section in any  
27 taxable year until the aggregate limit allowed under subsection (1) of  
28 section 6 of this act has been reached.

29 (5) The credit provided in this section shall be available for  
30 taxable years beginning or deemed to begin on or after January 1, 2017,  
31 and before January 1, 2022, under the Internal Revenue Code of 1986, as

1 amended.

2 (6) For taxable years beginning or deemed to begin on or after  
3 January 1, 2018, and before January 1, 2022, under the Internal Revenue  
4 Code of 1986, as amended, the Tax Commissioner shall adjust the credit  
5 amounts provided for in subsection (1) of this section by the percentage  
6 change in the Consumer Price Index for All Urban Consumers, as prepared  
7 by the United States Department of Labor, Bureau of Labor Statistics, for  
8 the twelve-month period ending on August 31 of the year preceding the  
9 taxable year.

10 Sec. 6. (1) The department may approve tax credits under the School  
11 Readiness Tax Credit Act each taxable year until the total amount of  
12 credits approved for the taxable year reaches five million dollars.

13 (2) A child care and education provider shall claim any tax credits  
14 granted under the act by attaching the tax credit certification received  
15 from the department under section 4 of this act to the child care and  
16 education provider's tax return. An eligible staff member shall claim any  
17 tax credits granted under the act by attaching the tax credit  
18 certification received from the department under section 5 of this act to  
19 the eligible staff member's tax return.

20 (3) If the department finds that a person has obtained a credit by  
21 fraud or misrepresentation, the credits shall be disallowed and the  
22 taxpayer's state income tax for such taxable year shall be increased by  
23 the amount necessary to recapture the credit.

24 (4) Credits granted to a taxpayer, but later disallowed, may be  
25 recovered by the department within three years from the end of the year  
26 in which the credit was claimed.

27 Sec. 7. The department may adopt and promulgate rules and  
28 regulations to carry out the School Readiness Tax Credit Act.

29 Sec. 8. Section 68-1201, Revised Statutes Supplement, 2015, is  
30 amended to read:

31 68-1201 In determining eligibility for the program for aid to

1 dependent children pursuant to section 43-512, for the Supplemental  
2 Nutrition Assistance Program administered by the State of Nebraska  
3 pursuant to the federal Food and Nutrition Act of 2008, 7 U.S.C. 2011 et  
4 seq., and for the child care subsidy program established pursuant to  
5 section 68-1202, the following shall not be included in determining  
6 assets or income:

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

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

14 (3) Income from postsecondary educational work-study programs,  
15 whether federally funded, funded by a postsecondary educational  
16 institution, or funded from any other source; ~~and~~

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

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

21 Sec. 9. Section 71-1962, Revised Statutes Supplement, 2015, is  
22 amended to read:

23 71-1962 (1) Not later than March 1, 2014, the State Department of  
24 Education shall create and operate the Nebraska Early Childhood  
25 Professional Record System. The system shall be designed in order to:

26 (a) Establish a data base of Nebraska's early childhood education  
27 workforce;

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

31 (c) Provide such information to the Department of Health and Human

1 Services for use in evaluating applications to be rated at a step above  
2 step one under section 71-1959.

3 (2) When an applicable child care or early childhood education  
4 program participating in the quality rating and improvement system  
5 developed pursuant to section 71-1955 applies under section 71-1959 to be  
6 rated at a step above step one, the child care or early childhood  
7 education program shall report the educational degrees and professional  
8 credentials held and relevant training completed by its child care and  
9 early childhood education employees to the Nebraska Early Childhood  
10 Professional Record System for the program to be eligible for a quality  
11 scale rating above step one.

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

16 (4) The State Department of Education shall develop a classification  
17 system for all employees of applicable child care and early childhood  
18 education programs listed in the Nebraska Early Childhood Professional  
19 Record System. The classification system shall be based on the employees'  
20 educational degrees and professional credentials held, relevant training  
21 completed, and work history and shall be made up of four levels, with  
22 level one being the least qualified and level four being the most  
23 qualified. The minimum qualification for an employee to be classified as  
24 level one shall be a Child Development Associate Credential or a one-year  
25 certificate or diploma in early childhood education or child development.  
26 The classification system shall be used for purposes of the tax credit  
27 granted in section 5 of this act.

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

30 77-2715.07 (1) There shall be allowed to qualified resident  
31 individuals as a nonrefundable credit against the income tax imposed by

1 the Nebraska Revenue Act of 1967:

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

4 (b) A credit for taxes paid to another state as provided in section  
5 77-2730.

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

8 (a) For returns filed reporting federal adjusted gross incomes of  
9 greater than twenty-nine thousand dollars, a nonrefundable credit equal  
10 to twenty-five percent of the federal credit allowed under section 21 of  
11 the Internal Revenue Code of 1986, as amended, except that for taxable  
12 years beginning or deemed to begin on or after January 1, 2015, such  
13 nonrefundable credit shall be allowed only if the individual would have  
14 received the federal credit allowed under section 21 of the code after  
15 adding back in any carryforward of a net operating loss that was deducted  
16 pursuant to such section in determining eligibility for the federal  
17 credit;

18 (b) For returns filed reporting federal adjusted gross income of  
19 twenty-nine thousand dollars or less, a refundable credit equal to a  
20 percentage of the federal credit allowable under section 21 of the  
21 Internal Revenue Code of 1986, as amended, whether or not the federal  
22 credit was limited by the federal tax liability. The percentage of the  
23 federal credit shall be one hundred percent for incomes not greater than  
24 twenty-two thousand dollars, and the percentage shall be reduced by ten  
25 percent for each one thousand dollars, or fraction thereof, by which the  
26 reported federal adjusted gross income exceeds twenty-two thousand  
27 dollars, except that for taxable years beginning or deemed to begin on or  
28 after January 1, 2015, such refundable credit shall be allowed only if  
29 the individual would have received the federal credit allowed under  
30 section 21 of the code after adding back in any carryforward of a net  
31 operating loss that was deducted pursuant to such section in determining

1 eligibility for the federal credit;

2 (c) A refundable credit as provided in section 77-5209.01 for  
3 individuals who qualify for an income tax credit as a qualified beginning  
4 farmer or livestock producer under the Beginning Farmer Tax Credit Act  
5 for all taxable years beginning or deemed to begin on or after January 1,  
6 2006, under the Internal Revenue Code of 1986, as amended;

7 (d) A refundable credit for individuals who qualify for an income  
8 tax credit under the Angel Investment Tax Credit Act, the Nebraska  
9 Advantage Microenterprise Tax Credit Act, or the Nebraska Advantage  
10 Research and Development Act; and

11 (e) A refundable credit equal to ten percent of the federal credit  
12 allowed under section 32 of the Internal Revenue Code of 1986, as  
13 amended, except that for taxable years beginning or deemed to begin on or  
14 after January 1, 2015, such refundable credit shall be allowed only if  
15 the individual would have received the federal credit allowed under  
16 section 32 of the code after adding back in any carryforward of a net  
17 operating loss that was deducted pursuant to such section in determining  
18 eligibility for the federal credit.

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

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

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

31 (c) A credit for investment in a biodiesel facility as provided in

1 section 77-27,236;

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

4 (e) A credit as provided in the Nebraska Job Creation and Mainstreet  
5 Revitalization Act.

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

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

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

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

24 (5)(a) For all taxable years beginning on or after January 1, 2007,  
25 and before January 1, 2009, under the Internal Revenue Code of 1986, as  
26 amended, there shall be allowed to each partner, shareholder, member, or  
27 beneficiary of a partnership, subchapter S corporation, limited liability  
28 company, or estate or trust a nonrefundable credit against the income tax  
29 imposed by the Nebraska Revenue Act of 1967 equal to fifty percent of the  
30 partner's, shareholder's, member's, or beneficiary's portion of the  
31 amount of franchise tax paid to the state under sections 77-3801 to

1 77-3807 by a financial institution.

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

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

16 (6) There shall be allowed to all individuals nonrefundable credits  
17 against the income tax imposed by the Nebraska Revenue Act of 1967 as  
18 provided in section 4 of this act and refundable credits against the  
19 income tax imposed by the Nebraska Revenue Act of 1967 as provided in  
20 section 5 of this act.

21 Sec. 11. Section 77-2717, Revised Statutes Cumulative Supplement,  
22 2014, is amended to read:

23 77-2717 (1)(a)(i) For taxable years beginning or deemed to begin  
24 before January 1, 2014, the tax imposed on all resident estates and  
25 trusts shall be a percentage of the federal taxable income of such  
26 estates and trusts as modified in section 77-2716, plus a percentage of  
27 the federal alternative minimum tax and the federal tax on premature or  
28 lump-sum distributions from qualified retirement plans. The additional  
29 taxes shall be recomputed by (A) substituting Nebraska taxable income for  
30 federal taxable income, (B) calculating what the federal alternative  
31 minimum tax would be on Nebraska taxable income and adjusting such

1 calculations for any items which are reflected differently in the  
2 determination of federal taxable income, and (C) applying Nebraska rates  
3 to the result. The federal credit for prior year minimum tax, after the  
4 recomputations required by the Nebraska Revenue Act of 1967, and the  
5 credits provided in the Nebraska Advantage Microenterprise Tax Credit Act  
6 and the Nebraska Advantage Research and Development Act shall be allowed  
7 as a reduction in the income tax due. A refundable income tax credit  
8 shall be allowed for all resident estates and trusts under the Angel  
9 Investment Tax Credit Act, the Nebraska Advantage Microenterprise Tax  
10 Credit Act, and the Nebraska Advantage Research and Development Act. A  
11 nonrefundable income tax credit shall be allowed for all resident estates  
12 and trusts as provided in the New Markets Job Growth Investment Act.

13 (ii) For taxable years beginning or deemed to begin on or after  
14 January 1, 2014, the tax imposed on all resident estates and trusts shall  
15 be a percentage of the federal taxable income of such estates and trusts  
16 as modified in section 77-2716, plus a percentage of the federal tax on  
17 premature or lump-sum distributions from qualified retirement plans. The  
18 additional taxes shall be recomputed by substituting Nebraska taxable  
19 income for federal taxable income and applying Nebraska rates to the  
20 result. The credits provided in the Nebraska Advantage Microenterprise  
21 Tax Credit Act and the Nebraska Advantage Research and Development Act  
22 shall be allowed as a reduction in the income tax due. A refundable  
23 income tax credit shall be allowed for all resident estates and trusts  
24 under the Angel Investment Tax Credit Act, the Nebraska Advantage  
25 Microenterprise Tax Credit Act, and the Nebraska Advantage Research and  
26 Development Act. A nonrefundable income tax credit shall be allowed for  
27 all resident estates and trusts as provided in the Nebraska Job Creation  
28 and Mainstreet Revitalization Act, ~~and~~ the New Markets Job Growth  
29 Investment Act, and the School Readiness Tax Credit Act.

30 (b) The tax imposed on all nonresident estates and trusts shall be  
31 the portion of the tax imposed on resident estates and trusts which is

1 attributable to the income derived from sources within this state. The  
2 tax which is attributable to income derived from sources within this  
3 state shall be determined by multiplying the liability to this state for  
4 a resident estate or trust with the same total income by a fraction, the  
5 numerator of which is the nonresident estate's or trust's Nebraska income  
6 as determined by sections 77-2724 and 77-2725 and the denominator of  
7 which is its total federal income after first adjusting each by the  
8 amounts provided in section 77-2716. The federal credit for prior year  
9 minimum tax, after the recomputations required by the Nebraska Revenue  
10 Act of 1967, reduced by the percentage of the total income which is  
11 attributable to income from sources outside this state, and the credits  
12 provided in the Nebraska Advantage Microenterprise Tax Credit Act and the  
13 Nebraska Advantage Research and Development Act shall be allowed as a  
14 reduction in the income tax due. A refundable income tax credit shall be  
15 allowed for all nonresident estates and trusts under the Angel Investment  
16 Tax Credit Act, the Nebraska Advantage Microenterprise Tax Credit Act,  
17 and the Nebraska Advantage Research and Development Act. A nonrefundable  
18 income tax credit shall be allowed for all nonresident estates and trusts  
19 as provided in the Nebraska Job Creation and Mainstreet Revitalization  
20 Act, ~~and~~ the New Markets Job Growth Investment Act, and the School  
21 Readiness Tax Credit Act.

22 (2) In all instances wherein a fiduciary income tax return is  
23 required under the provisions of the Internal Revenue Code, a Nebraska  
24 fiduciary return shall be filed, except that a fiduciary return shall not  
25 be required to be filed regarding a simple trust if all of the trust's  
26 beneficiaries are residents of the State of Nebraska, all of the trust's  
27 income is derived from sources in this state, and the trust has no  
28 federal tax liability. The fiduciary shall be responsible for making the  
29 return for the estate or trust for which he or she acts, whether the  
30 income be taxable to the estate or trust or to the beneficiaries thereof.  
31 The fiduciary shall include in the return a statement of each

1 beneficiary's distributive share of net income when such income is  
2 taxable to such beneficiaries.

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

15 (4) If any beneficiary of such estate or trust is a nonresident  
16 during any part of the estate's or trust's taxable year, he or she shall  
17 file a Nebraska income tax return which shall include (a) in Nebraska  
18 adjusted gross income that portion of the estate's or trust's Nebraska  
19 income, as determined under sections 77-2724 and 77-2725, allocable to  
20 his or her interest in the estate or trust and (b) a reduction of the  
21 Nebraska tax liability by his or her proportionate share of the credits  
22 as provided in the Angel Investment Tax Credit Act, the Nebraska  
23 Advantage Microenterprise Tax Credit Act, the Nebraska Advantage Research  
24 and Development Act, the Nebraska Job Creation and Mainstreet  
25 Revitalization Act, ~~and~~ the New Markets Job Growth Investment Act, and  
26 the School Readiness Tax Credit Act and shall execute and forward to the  
27 fiduciary, on or before the original due date of the Nebraska fiduciary  
28 return, an agreement which states that he or she will file a Nebraska  
29 income tax return and pay income tax on all income derived from or  
30 connected with sources in this state, and such agreement shall be  
31 attached to the Nebraska fiduciary return for such taxable year.

1           (5) In the absence of the nonresident beneficiary's executed  
2 agreement being attached to the Nebraska fiduciary return, the estate or  
3 trust shall remit a portion of such beneficiary's income which was  
4 derived from or attributable to Nebraska sources with its Nebraska return  
5 for the taxable year. For taxable years beginning or deemed to begin  
6 before January 1, 2013, the amount of remittance, in such instance, shall  
7 be the highest individual income tax rate determined under section  
8 77-2715.02 multiplied by the nonresident beneficiary's share of the  
9 estate or trust income which was derived from or attributable to sources  
10 within this state. For taxable years beginning or deemed to begin on or  
11 after January 1, 2013, the amount of remittance, in such instance, shall  
12 be the highest individual income tax rate determined under section  
13 77-2715.03 multiplied by the nonresident beneficiary's share of the  
14 estate or trust income which was derived from or attributable to sources  
15 within this state. The amount remitted shall be allowed as a credit  
16 against the Nebraska income tax liability of the beneficiary.

17           (6) The Tax Commissioner may allow a nonresident beneficiary to not  
18 file a Nebraska income tax return if the nonresident beneficiary's only  
19 source of Nebraska income was his or her share of the estate's or trust's  
20 income which was derived from or attributable to sources within this  
21 state, the nonresident did not file an agreement to file a Nebraska  
22 income tax return, and the estate or trust has remitted the amount  
23 required by subsection (5) of this section on behalf of such nonresident  
24 beneficiary. The amount remitted shall be retained in satisfaction of the  
25 Nebraska income tax liability of the nonresident beneficiary.

26           (7) For purposes of this section, unless the context otherwise  
27 requires, simple trust shall mean any trust instrument which (a) requires  
28 that all income shall be distributed currently to the beneficiaries, (b)  
29 does not allow amounts to be paid, permanently set aside, or used in the  
30 tax year for charitable purposes, and (c) does not distribute amounts  
31 allocated in the corpus of the trust. Any trust which does not qualify as

1 a simple trust shall be deemed a complex trust.

2 (8) For purposes of this section, any beneficiary of an estate or  
3 trust that is a grantor trust of a nonresident shall be disregarded and  
4 this section shall apply as though the nonresident grantor was the  
5 beneficiary.

6 Sec. 12. Section 77-2734.03, Revised Statutes Cumulative Supplement,  
7 2014, is amended to read:

8 77-2734.03 (1)(a) For taxable years commencing prior to January 1,  
9 1997, any (i) insurer paying a tax on premiums and assessments pursuant  
10 to section 77-908 or 81-523, (ii) electric cooperative organized under  
11 the Joint Public Power Authority Act, or (iii) credit union shall be  
12 credited, in the computation of the tax due under the Nebraska Revenue  
13 Act of 1967, with the amount paid during the taxable year as taxes on  
14 such premiums and assessments and taxes in lieu of intangible tax.

15 (b) For taxable years commencing on or after January 1, 1997, any  
16 insurer paying a tax on premiums and assessments pursuant to section  
17 77-908 or 81-523, any electric cooperative organized under the Joint  
18 Public Power Authority Act, or any credit union shall be credited, in the  
19 computation of the tax due under the Nebraska Revenue Act of 1967, with  
20 the amount paid during the taxable year as (i) taxes on such premiums and  
21 assessments included as Nebraska premiums and assessments under section  
22 77-2734.05 and (ii) taxes in lieu of intangible tax.

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

30 (2) There shall be allowed to corporate taxpayers a tax credit for  
31 contributions to community betterment programs as provided in the

1 Community Development Assistance Act.

2 (3) There shall be allowed to corporate taxpayers a refundable  
3 income tax credit under the Beginning Farmer Tax Credit Act for all  
4 taxable years beginning or deemed to begin on or after January 1, 2001,  
5 under the Internal Revenue Code of 1986, as amended.

6 (4) The changes made to this section by Laws 2004, LB 983, apply to  
7 motor fuels purchased during any tax year ending or deemed to end on or  
8 after January 1, 2005, under the Internal Revenue Code of 1986, as  
9 amended.

10 (5) There shall be allowed to corporate taxpayers refundable income  
11 tax credits under the Nebraska Advantage Microenterprise Tax Credit Act  
12 and the Nebraska Advantage Research and Development Act.

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

16 (7) There shall be allowed to corporate taxpayers a nonrefundable  
17 income tax credit as provided in the Nebraska Job Creation and Mainstreet  
18 Revitalization Act, ~~and~~ the New Markets Job Growth Investment Act, and  
19 the School Readiness Tax Credit Act.

20 Sec. 13. Original sections 77-2717 and 77-2734.03, Revised Statutes  
21 Cumulative Supplement, 2014, and sections 68-1201, 71-1962, and  
22 77-2715.07, Revised Statutes Supplement, 2015, are repealed.