

LEGISLATURE OF NEBRASKA  
ONE HUNDRED FOURTH LEGISLATURE  
FIRST SESSION

**LEGISLATIVE BILL 186**

Introduced by Bolz, 29.

Read first time January 12, 2015

Committee: Revenue

- 1 A BILL FOR AN ACT relating to revenue and taxation; to amend section
- 2 77-2715.07, Revised Statutes Cumulative Supplement, 2014; to adopt
- 3 the Property Tax Circuit Breaker Act; to provide income tax credits;
- 4 to harmonize provisions; to provide an operative date; and to repeal
- 5 the original section.
- 6 Be it enacted by the people of the State of Nebraska,

1           Section 1. Sections 1 to 4 of this act shall be known and may be  
2 cited as the Property Tax Circuit Breaker Act.

3           Sec. 2. For purposes of the Property Tax Circuit Breaker Act:

4           (1) Department means the Department of Revenue; and

5           (2) Taxpayer means a resident or partial-year resident individual of  
6 Nebraska who owns or rents his or her principal residence in the State of  
7 Nebraska.

8           Sec. 3. (1) A taxpayer may apply to the department for a refundable  
9 income tax credit under the Property Tax Circuit Breaker Act on a form  
10 developed by the department which shall include:

11           (a) The address of the taxpayer's principal residence in this state;

12           (b)(i) If the taxpayer owns his or her principal residence, the  
13 amount of property taxes paid by the taxpayer on his or her principal  
14 residence during the taxable year for which a tax credit is sought; or

15           (ii) If the taxpayer rents his or her principal residence, the  
16 amount of rent paid by the taxpayer for the right to occupy his or her  
17 principal residence during the taxable year for which a tax credit is  
18 sought;

19           (c) The taxpayer's federal adjusted gross income for the taxable  
20 year for which a tax credit is sought; and

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

22           (2) If the department determines that the taxpayer resided at the  
23 property described in the taxpayer's application for at least six months  
24 of the taxable year for which a tax credit is sought, then the department  
25 shall grant the taxpayer a tax credit in an amount calculated pursuant to  
26 subsection (3) of this section and shall issue the taxpayer a  
27 certification stating the amount of such credit.

28           (3) The credit allowed under this section shall be calculated as  
29 follows:

30           (a) For a taxpayer who paid property taxes on his or her principal  
31 residence for the taxable year for which a credit is sought, the credit

1 shall be equal to the amount of such property taxes paid minus:

2 (i) One percent of the taxpayer's federal adjusted gross income if  
3 the taxpayer's federal adjusted gross income does not exceed six thousand  
4 dollars for a married filing jointly return or three thousand dollars for  
5 any other return, with the maximum credit under this subdivision not to  
6 exceed one thousand two hundred dollars;

7 (ii) Two percent of the taxpayer's federal adjusted gross income if  
8 the taxpayer's federal adjusted gross income is greater than six thousand  
9 dollars but does not exceed thirty-six thousand dollars for a married  
10 filing jointly return or is greater than three thousand dollars but does  
11 not exceed eighteen thousand dollars for any other return, with the  
12 maximum credit under this subdivision not to exceed nine hundred dollars;

13 (iii) Three percent of the taxpayer's federal adjusted gross income  
14 if the taxpayer's federal adjusted gross income is greater than thirty-  
15 six thousand dollars but does not exceed fifty-eight thousand dollars for  
16 a married filing jointly return or is greater than eighteen thousand  
17 dollars but does not exceed twenty-nine thousand dollars for any other  
18 return, with the maximum credit under this subdivision not to exceed six  
19 hundred dollars; or

20 (iv) Four percent of the taxpayer's federal adjusted gross income if  
21 the taxpayer's federal adjusted gross income is greater than fifty-eight  
22 thousand dollars but does not exceed one hundred sixteen thousand dollars  
23 for a married filing jointly return or is greater than twenty-nine  
24 thousand dollars but does not exceed fifty-eight thousand dollars for any  
25 other return, with the maximum credit under this subdivision not to  
26 exceed three hundred dollars; and

27 (b) For a taxpayer who paid rent for the right to occupy his or her  
28 principal residence for the taxable year for which a credit is sought,  
29 the credit shall be equal to twenty percent of the rent paid during such  
30 taxable year minus:

31 (i) One percent of the taxpayer's federal adjusted gross income if

1 the taxpayer's federal adjusted gross income does not exceed six thousand  
2 dollars for a married filing jointly return or three thousand dollars for  
3 any other return, with the maximum credit under this subdivision not to  
4 exceed one thousand two hundred dollars;

5 (ii) Two percent of the taxpayer's federal adjusted gross income if  
6 the taxpayer's federal adjusted gross income is greater than six thousand  
7 dollars but does not exceed thirty-six thousand dollars for a married  
8 filing jointly return or is greater than three thousand dollars but does  
9 not exceed eighteen thousand dollars for any other return, with the  
10 maximum credit under this subdivision not to exceed nine hundred dollars;

11 (iii) Three percent of the taxpayer's federal adjusted gross income  
12 if the taxpayer's federal adjusted gross income is greater than thirty-  
13 six thousand dollars but does not exceed fifty-eight thousand dollars for  
14 a married filing jointly return or is greater than eighteen thousand  
15 dollars but does not exceed twenty-nine thousand dollars for any other  
16 return, with the maximum credit under this subdivision not to exceed six  
17 hundred dollars; or

18 (iv) Four percent of the taxpayer's federal adjusted gross income if  
19 the taxpayer's federal adjusted gross income is greater than fifty-eight  
20 thousand dollars but does not exceed one hundred sixteen thousand dollars  
21 for a married filing jointly return or is greater than twenty-nine  
22 thousand dollars but does not exceed fifty-eight thousand dollars for any  
23 other return, with the maximum credit under this subdivision not to  
24 exceed three hundred dollars.

25 (4) The taxpayer shall claim the tax credit provided by this section  
26 by filing a form developed by the Tax Commissioner and attaching the tax  
27 credit certification issued by the department pursuant to subsection (2)  
28 of this section.

29 (5) Any taxpayer who rents property that is owned by a tax-exempt  
30 charitable organization or that is exempt in any way from property  
31 taxation shall not be eligible to receive a tax credit under this

1 section.

2       Sec. 4.     The department may adopt and promulgate rules and  
3 regulations to carry out the Property Tax Circuit Breaker Act.

4       Sec. 5. Section 77-2715.07, Revised Statutes Cumulative Supplement,  
5 2014, is amended to read:

6       77-2715.07 (1) There shall be allowed to qualified resident  
7 individuals as a nonrefundable credit against the income tax imposed by  
8 the Nebraska Revenue Act of 1967:

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

11       (b) A credit for taxes paid to another state as provided in section  
12 77-2730.

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

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

19       (b) For returns filed reporting federal adjusted gross income of  
20 twenty-nine thousand dollars or less, a refundable credit equal to a  
21 percentage of the federal credit allowable under section 21 of the  
22 Internal Revenue Code of 1986, as amended, whether or not the federal  
23 credit was limited by the federal tax liability. The percentage of the  
24 federal credit shall be one hundred percent for incomes not greater than  
25 twenty-two thousand dollars, and the percentage shall be reduced by ten  
26 percent for each one thousand dollars, or fraction thereof, by which the  
27 reported federal adjusted gross income exceeds twenty-two thousand  
28 dollars;

29       (c) A refundable credit as provided in section 77-5209.01 for  
30 individuals who qualify for an income tax credit as a qualified beginning  
31 farmer or livestock producer under the Beginning Farmer Tax Credit Act

1 for all taxable years beginning or deemed to begin on or after January 1,  
2 2006, under the Internal Revenue Code of 1986, as amended;

3 (d) A refundable credit for individuals who qualify for an income  
4 tax credit under the Angel Investment Tax Credit Act, the Nebraska  
5 Advantage Microenterprise Tax Credit Act, or the Nebraska Advantage  
6 Research and Development Act;~~and~~

7 (e) A refundable credit equal to ten percent of the federal credit  
8 allowed under section 32 of the Internal Revenue Code of 1986, as  
9 amended; and -

10 (f) A refundable credit as provided in the Property Tax Circuit  
11 Breaker Act.

12 (3) There shall be allowed to all individuals as a nonrefundable  
13 credit against the income tax imposed by the Nebraska Revenue Act of  
14 1967:

15 (a) A credit for personal exemptions allowed under section  
16 77-2716.01;

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

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

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

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

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

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

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

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

17 (5)(a) For all taxable years beginning on or after January 1, 2007,  
18 and before January 1, 2009, under the Internal Revenue Code of 1986, as  
19 amended, there shall be allowed to each partner, shareholder, member, or  
20 beneficiary of a partnership, subchapter S corporation, limited liability  
21 company, or estate or trust a nonrefundable credit against the income tax  
22 imposed by the Nebraska Revenue Act of 1967 equal to fifty percent of the  
23 partner's, shareholder's, member's, or beneficiary's portion of the  
24 amount of franchise tax paid to the state under sections 77-3801 to  
25 77-3807 by a financial institution.

26 (b) For all taxable years beginning on or after January 1, 2009,  
27 under the Internal Revenue Code of 1986, as amended, there shall be  
28 allowed to each partner, shareholder, member, or beneficiary of a  
29 partnership, subchapter S corporation, limited liability company, or  
30 estate or trust a nonrefundable credit against the income tax imposed by  
31 the Nebraska Revenue Act of 1967 equal to the partner's, shareholder's,

1 member's, or beneficiary's portion of the amount of franchise tax paid to  
2 the state under sections 77-3801 to 77-3807 by a financial institution.

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

9 Sec. 6. This act become operative for all taxable years beginning  
10 or deemed to begin on or after January 1, 2016, under the Internal  
11 Revenue Code of 1986, as amended.

12 Sec. 7. Original section 77-2715.07, Revised Statutes Cumulative  
13 Supplement, 2014, is repealed.