

AMENDMENTS TO LB873

Introduced by Hansen, M., 26.

1 1. Strike the original sections and all amendments thereto and
2 insert the following new sections:

3 Section 1. Section 77-2715.03, Reissue Revised Statutes of Nebraska,
4 is amended to read:

5 77-2715.03 (1) For taxable years beginning or deemed to begin on or
6 after January 1, 2013, and before January 1, 2014, the following brackets
7 and rates are hereby established for the Nebraska individual income tax:

8 Individual Income Tax Brackets and Rates

9 Bracket	Single	Married,	Head of	Married,	Estates	Tax
10 Number	Individuals	Filing	Household	Filing	and	Rate
		Jointly		Separate	Trusts	
12 1	\$0-2,399	\$0-4,799	\$0-4,499	\$0-2,399	\$0-499	2.46%
13 2	\$2,400-	\$4,800-	\$4,500-	\$2,400-	\$500-	
14	17,499	34,999	27,999	17,499	4,699	3.51%
15 3	\$17,500-	\$35,000-	\$28,000-	\$17,500-	\$4,700-	
16	26,999	53,999	39,999	26,999	15,149	5.01%
17 4	\$27,000	\$54,000	\$40,000	\$27,000	\$15,150	
18	and Over	and Over	and Over	and Over	and Over	6.84%

19 (2) For taxable years beginning or deemed to begin on or after
20 January 1, 2014, the following brackets and rates are hereby established
21 for the Nebraska individual income tax:

22 Individual Income Tax Brackets and Rates

23 Bracket	Single	Married,	Head of	Married,	Estates	Tax
24 Number	Individuals	Filing	Household	Filing	and	Rate
		Jointly		Separate	Trusts	
26 1	\$0-2,999	\$0-5,999	\$0-5,599	\$0-2,999	\$0-499	2.46%

1	2	\$3,000-	\$6,000-	\$5,600-	\$3,000-	\$500-	
2		17,999	35,999	28,799	17,999	4,699	3.51%
3	3	<u>\$18,000-</u>	<u>\$36,000-</u>	<u>\$28,800-</u>	<u>\$18,000-</u>	<u>\$4,700-</u>	
4		<u>28,999</u>	<u>57,999</u>	<u>42,999</u>	<u>28,999</u>	<u>15,149</u>	<u>Rate 1</u>
5	4	<u>\$29,000</u>	<u>\$58,000</u>	<u>\$43,000</u>	<u>\$29,000</u>	<u>\$15,150</u>	
6		<u>and Over</u>	<u>and Over</u>	<u>and Over</u>	<u>and Over</u>	<u>and Over</u>	<u>Rate 2</u>
7	3	\$18,000-	\$36,000-	\$28,800-	\$18,000-	\$4,700-	
8		28,999	57,999	42,999	28,999	15,149	5.01%
9	4	\$29,000	\$58,000	\$43,000	\$29,000	\$15,150	
10		and Over	and Over	and Over	and Over	and Over	6.84%

11 For purposes of this subsection:

12 (a) Rate 1 shall be:

13 (i) 5.01% for taxable years beginning or deemed to begin on or after
14 January 1, 2014, and before January 1, 2023; and

15 (ii) 4.01% for taxable years beginning or deemed to begin on or
16 after January 1, 2023; and

17 (b) Rate 2 shall be 6.84% for taxable years beginning or deemed to
18 begin on or after January 1, 2014, and before January 1, 2023. For
19 taxable years beginning or deemed to begin on or after January 1, 2023,
20 rate 2 shall be determined on an annual basis as follows:

21 (i) On or before July 15, 2022, and on or before July 15 of each
22 year thereafter, the Tax Commissioner shall determine actual General Fund
23 net receipts for the most recently completed fiscal year minus actual
24 General Fund net receipts for the prior fiscal year;

25 (ii) If the amount determined under subdivision (2)(b)(i) of this
26 section is a positive number, the Tax Commissioner shall reduce the rate
27 in effect on the date of such determination in accordance with the
28 schedule provided in subdivision (2)(b)(iii) of this section. Such
29 reduced rate shall apply to taxable years beginning or deemed to begin on
30 or after the immediately following January 1. If the amount determined

1 under subdivision (2)(b)(i) of this section is a negative number, no
2 reduction to rate 2 shall occur, and the rate in effect on the date of
3 such determination shall remain in effect. In no case shall rate 2 be
4 reduced to less than 5.99%; and

5 (iii) The reductions to rate 2 described in subdivision (2)(b)(ii)
6 of this section shall occur according to the following schedule:

7 (A) For the first time that the reduction occurs, rate 2 shall be
8 reduced from 6.84% to 6.64%;

9 (B) For the second time that the reduction occurs, rate 2 shall be
10 reduced from 6.64% to 6.44%;

11 (C) For the third time that the reduction occurs, rate 2 shall be
12 reduced from 6.44% to 6.24%; and

13 (D) For the fourth time that the reduction occurs, rate 2 shall be
14 reduced from 6.24% to 5.99%.

15 (3)(a) For taxable years beginning or deemed to begin on or after
16 January 1, 2015, the minimum and maximum dollar amounts for each income
17 tax bracket provided in subsection (2) of this section shall be adjusted
18 for inflation by the percentage determined under subdivision (3)(b) of
19 this section. The rate applicable to any such income tax bracket shall
20 not be changed as part of any adjustment under this subsection. The
21 minimum and maximum dollar amounts for each income tax bracket as
22 adjusted shall be rounded to the nearest ten-dollar amount. If the
23 adjusted amount for any income tax bracket ends in a five, it shall be
24 rounded up to the nearest ten-dollar amount.

25 (b)(i) For taxable years beginning or deemed to begin on or after
26 January 1, 2015, and before January 1, 2018, the Tax Commissioner shall
27 adjust the income tax brackets by the percentage determined pursuant to
28 the provisions of section 1(f) of the Internal Revenue Code of 1986, as
29 it existed prior to December 22, 2017, except that in section 1(f)(3)(B)
30 of the code the year 2013 shall be substituted for the year 1992. For
31 2015, the Tax Commissioner shall then determine the percent change from

1 the twelve months ending on August 31, 2013, to the twelve months ending
2 on August 31, 2014, and in each subsequent year, from the twelve months
3 ending on August 31, 2013, to the twelve months ending on August 31 of
4 the year preceding the taxable year. The Tax Commissioner shall prescribe
5 new tax rate schedules that apply in lieu of the schedules set forth in
6 subsection (2) of this section.

7 (ii) For taxable years beginning or deemed to begin on or after
8 January 1, 2018, the Tax Commissioner shall adjust the income tax
9 brackets based on the percentage change in the Consumer Price Index for
10 All Urban Consumers published by the federal Bureau of Labor Statistics
11 from the twelve months ending on August 31, 2016, to the twelve months
12 ending on August 31 of the year preceding the taxable year. The Tax
13 Commissioner shall prescribe new tax rate schedules that apply in lieu of
14 the schedules set forth in subsection (2) of this section.

15 (4) Whenever the tax brackets or tax rates are changed by the
16 Legislature, the Tax Commissioner shall update the tax rate schedules to
17 reflect the new tax brackets or tax rates and shall publish such updated
18 schedules.

19 (5) The Tax Commissioner shall prepare, from the rate schedules, tax
20 tables which can be used by a majority of the taxpayers to determine
21 their Nebraska tax liability. The design of the tax tables shall be
22 determined by the Tax Commissioner. The size of the tax table brackets
23 may change as the level of income changes. The difference in tax between
24 two tax table brackets shall not exceed fifteen dollars. The Tax
25 Commissioner may build the personal exemption credit and standard
26 deduction amounts into the tax tables.

27 (6) For taxable years beginning or deemed to begin on or after
28 January 1, 2013, the tax rate applied to other federal taxes included in
29 the computation of the Nebraska individual income tax shall be 29.6
30 percent.

31 (7) The Tax Commissioner may require by rule and regulation that all

1 taxpayers shall use the tax tables if their income is less than the
2 maximum income included in the tax tables.

3 Sec. 2. Section 77-2716, Revised Statutes Supplement, 2021, is
4 amended to read:

5 77-2716 (1) The following adjustments to federal adjusted gross
6 income or, for corporations and fiduciaries, federal taxable income shall
7 be made for interest or dividends received:

8 (a)(i) There shall be subtracted interest or dividends received by
9 the owner of obligations of the United States and its territories and
10 possessions or of any authority, commission, or instrumentality of the
11 United States to the extent includable in gross income for federal income
12 tax purposes but exempt from state income taxes under the laws of the
13 United States; and

14 (ii) There shall be subtracted interest received by the owner of
15 obligations of the State of Nebraska or its political subdivisions or
16 authorities which are Build America Bonds to the extent includable in
17 gross income for federal income tax purposes;

18 (b) There shall be subtracted that portion of the total dividends
19 and other income received from a regulated investment company which is
20 attributable to obligations described in subdivision (a) of this
21 subsection as reported to the recipient by the regulated investment
22 company;

23 (c) There shall be added interest or dividends received by the owner
24 of obligations of the District of Columbia, other states of the United
25 States, or their political subdivisions, authorities, commissions, or
26 instrumentalities to the extent excluded in the computation of gross
27 income for federal income tax purposes except that such interest or
28 dividends shall not be added if received by a corporation which is a
29 regulated investment company;

30 (d) There shall be added that portion of the total dividends and
31 other income received from a regulated investment company which is

1 attributable to obligations described in subdivision (c) of this
2 subsection and excluded for federal income tax purposes as reported to
3 the recipient by the regulated investment company; and

4 (e)(i) Any amount subtracted under this subsection shall be reduced
5 by any interest on indebtedness incurred to carry the obligations or
6 securities described in this subsection or the investment in the
7 regulated investment company and by any expenses incurred in the
8 production of interest or dividend income described in this subsection to
9 the extent that such expenses, including amortizable bond premiums, are
10 deductible in determining federal taxable income.

11 (ii) Any amount added under this subsection shall be reduced by any
12 expenses incurred in the production of such income to the extent
13 disallowed in the computation of federal taxable income.

14 (2) There shall be allowed a net operating loss derived from or
15 connected with Nebraska sources computed under rules and regulations
16 adopted and promulgated by the Tax Commissioner consistent, to the extent
17 possible under the Nebraska Revenue Act of 1967, with the laws of the
18 United States. For a resident individual, estate, or trust, the net
19 operating loss computed on the federal income tax return shall be
20 adjusted by the modifications contained in this section. For a
21 nonresident individual, estate, or trust or for a partial-year resident
22 individual, the net operating loss computed on the federal return shall
23 be adjusted by the modifications contained in this section and any
24 carryovers or carrybacks shall be limited to the portion of the loss
25 derived from or connected with Nebraska sources.

26 (3) There shall be subtracted from federal adjusted gross income for
27 all taxable years beginning on or after January 1, 1987, the amount of
28 any state income tax refund to the extent such refund was deducted under
29 the Internal Revenue Code, was not allowed in the computation of the tax
30 due under the Nebraska Revenue Act of 1967, and is included in federal
31 adjusted gross income.

1 (4) Federal adjusted gross income, or, for a fiduciary, federal
2 taxable income shall be modified to exclude the portion of the income or
3 loss received from a small business corporation with an election in
4 effect under subchapter S of the Internal Revenue Code or from a limited
5 liability company organized pursuant to the Nebraska Uniform Limited
6 Liability Company Act that is not derived from or connected with Nebraska
7 sources as determined in section 77-2734.01.

8 (5) There shall be subtracted from federal adjusted gross income or,
9 for corporations and fiduciaries, federal taxable income dividends
10 received or deemed to be received from corporations which are not subject
11 to the Internal Revenue Code.

12 (6) There shall be subtracted from federal taxable income a portion
13 of the income earned by a corporation subject to the Internal Revenue
14 Code of 1986 that is actually taxed by a foreign country or one of its
15 political subdivisions at a rate in excess of the maximum federal tax
16 rate for corporations. The taxpayer may make the computation for each
17 foreign country or for groups of foreign countries. The portion of the
18 taxes that may be deducted shall be computed in the following manner:

19 (a) The amount of federal taxable income from operations within a
20 foreign taxing jurisdiction shall be reduced by the amount of taxes
21 actually paid to the foreign jurisdiction that are not deductible solely
22 because the foreign tax credit was elected on the federal income tax
23 return;

24 (b) The amount of after-tax income shall be divided by one minus the
25 maximum tax rate for corporations in the Internal Revenue Code; and

26 (c) The result of the calculation in subdivision (b) of this
27 subsection shall be subtracted from the amount of federal taxable income
28 used in subdivision (a) of this subsection. The result of such
29 calculation, if greater than zero, shall be subtracted from federal
30 taxable income.

31 (7) Federal adjusted gross income shall be modified to exclude any

1 amount repaid by the taxpayer for which a reduction in federal tax is
2 allowed under section 1341(a)(5) of the Internal Revenue Code.

3 (8)(a) Federal adjusted gross income or, for corporations and
4 fiduciaries, federal taxable income shall be reduced, to the extent
5 included, by income from interest, earnings, and state contributions
6 received from the Nebraska educational savings plan trust created in
7 sections 85-1801 to 85-1817 and any account established under the
8 achieving a better life experience program as provided in sections
9 77-1401 to 77-1409.

10 (b) Federal adjusted gross income or, for corporations and
11 fiduciaries, federal taxable income shall be reduced by any contributions
12 as a participant in the Nebraska educational savings plan trust or
13 contributions to an account established under the achieving a better life
14 experience program made for the benefit of a beneficiary as provided in
15 sections 77-1401 to 77-1409, to the extent not deducted for federal
16 income tax purposes, but not to exceed five thousand dollars per married
17 filing separate return or ten thousand dollars for any other return. With
18 respect to a qualified rollover within the meaning of section 529 of the
19 Internal Revenue Code from another state's plan, any interest, earnings,
20 and state contributions received from the other state's educational
21 savings plan which is qualified under section 529 of the code shall
22 qualify for the reduction provided in this subdivision. For contributions
23 by a custodian of a custodial account including rollovers from another
24 custodial account, the reduction shall only apply to funds added to the
25 custodial account after January 1, 2014.

26 (c) For taxable years beginning or deemed to begin on or after
27 January 1, 2021, under the Internal Revenue Code of 1986, as amended,
28 federal adjusted gross income shall be reduced, to the extent included in
29 the adjusted gross income of an individual, by the amount of any
30 contribution made by the individual's employer into an account under the
31 Nebraska educational savings plan trust owned by the individual, not to

1 exceed five thousand dollars per married filing separate return or ten
2 thousand dollars for any other return.

3 (d) Federal adjusted gross income or, for corporations and
4 fiduciaries, federal taxable income shall be increased by:

5 (i) The amount resulting from the cancellation of a participation
6 agreement refunded to the taxpayer as a participant in the Nebraska
7 educational savings plan trust to the extent previously deducted under
8 subdivision (8)(b) of this section; and

9 (ii) The amount of any withdrawals by the owner of an account
10 established under the achieving a better life experience program as
11 provided in sections 77-1401 to 77-1409 for nonqualified expenses to the
12 extent previously deducted under subdivision (8)(b) of this section.

13 (9)(a) For income tax returns filed after September 10, 2001, for
14 taxable years beginning or deemed to begin before January 1, 2006, under
15 the Internal Revenue Code of 1986, as amended, federal adjusted gross
16 income or, for corporations and fiduciaries, federal taxable income shall
17 be increased by eighty-five percent of any amount of any federal bonus
18 depreciation received under the federal Job Creation and Worker
19 Assistance Act of 2002 or the federal Jobs and Growth Tax Act of 2003,
20 under section 168(k) or section 1400L of the Internal Revenue Code of
21 1986, as amended, for assets placed in service after September 10, 2001,
22 and before December 31, 2005.

23 (b) For a partnership, limited liability company, cooperative,
24 including any cooperative exempt from income taxes under section 521 of
25 the Internal Revenue Code of 1986, as amended, limited cooperative
26 association, subchapter S corporation, or joint venture, the increase
27 shall be distributed to the partners, members, shareholders, patrons, or
28 beneficiaries in the same manner as income is distributed for use against
29 their income tax liabilities.

30 (c) For a corporation with a unitary business having activity both
31 inside and outside the state, the increase shall be apportioned to

1 Nebraska in the same manner as income is apportioned to the state by
2 section 77-2734.05.

3 (d) The amount of bonus depreciation added to federal adjusted gross
4 income or, for corporations and fiduciaries, federal taxable income by
5 this subsection shall be subtracted in a later taxable year. Twenty
6 percent of the total amount of bonus depreciation added back by this
7 subsection for tax years beginning or deemed to begin before January 1,
8 2003, under the Internal Revenue Code of 1986, as amended, may be
9 subtracted in the first taxable year beginning or deemed to begin on or
10 after January 1, 2005, under the Internal Revenue Code of 1986, as
11 amended, and twenty percent in each of the next four following taxable
12 years. Twenty percent of the total amount of bonus depreciation added
13 back by this subsection for tax years beginning or deemed to begin on or
14 after January 1, 2003, may be subtracted in the first taxable year
15 beginning or deemed to begin on or after January 1, 2006, under the
16 Internal Revenue Code of 1986, as amended, and twenty percent in each of
17 the next four following taxable years.

18 (10) For taxable years beginning or deemed to begin on or after
19 January 1, 2003, and before January 1, 2006, under the Internal Revenue
20 Code of 1986, as amended, federal adjusted gross income or, for
21 corporations and fiduciaries, federal taxable income shall be increased
22 by the amount of any capital investment that is expensed under section
23 179 of the Internal Revenue Code of 1986, as amended, that is in excess
24 of twenty-five thousand dollars that is allowed under the federal Jobs
25 and Growth Tax Act of 2003. Twenty percent of the total amount of
26 expensing added back by this subsection for tax years beginning or deemed
27 to begin on or after January 1, 2003, may be subtracted in the first
28 taxable year beginning or deemed to begin on or after January 1, 2006,
29 under the Internal Revenue Code of 1986, as amended, and twenty percent
30 in each of the next four following tax years.

31 (11)(a) For taxable years beginning or deemed to begin before

1 January 1, 2018, under the Internal Revenue Code of 1986, as amended,
2 federal adjusted gross income shall be reduced by contributions, up to
3 two thousand dollars per married filing jointly return or one thousand
4 dollars for any other return, and any investment earnings made as a
5 participant in the Nebraska long-term care savings plan under the Long-
6 Term Care Savings Plan Act, to the extent not deducted for federal income
7 tax purposes.

8 (b) For taxable years beginning or deemed to begin before January 1,
9 2018, under the Internal Revenue Code of 1986, as amended, federal
10 adjusted gross income shall be increased by the withdrawals made as a
11 participant in the Nebraska long-term care savings plan under the act by
12 a person who is not a qualified individual or for any reason other than
13 transfer of funds to a spouse, long-term care expenses, long-term care
14 insurance premiums, or death of the participant, including withdrawals
15 made by reason of cancellation of the participation agreement, to the
16 extent previously deducted as a contribution or as investment earnings.

17 (12) There shall be added to federal adjusted gross income for
18 individuals, estates, and trusts any amount taken as a credit for
19 franchise tax paid by a financial institution under sections 77-3801 to
20 77-3807 as allowed by subsection (5) of section 77-2715.07.

21 (13)(a) For taxable years beginning or deemed to begin on or after
22 January 1, 2015, and before January 1, 2025, under the Internal Revenue
23 Code of 1986, as amended, federal adjusted gross income shall be reduced
24 by the amount received as benefits under the federal Social Security Act
25 which are included in the federal adjusted gross income if:

26 (i) For taxpayers filing a married filing joint return, federal
27 adjusted gross income is fifty-eight thousand dollars or less; or

28 (ii) For taxpayers filing any other return, federal adjusted gross
29 income is forty-three thousand dollars or less.

30 (b) For taxable years beginning or deemed to begin on or after
31 January 1, 2020, and before January 1, 2025, under the Internal Revenue

1 Code of 1986, as amended, the Tax Commissioner shall adjust the dollar
2 amounts provided in subdivisions (13)(a)(i) and (ii) of this section by
3 the same percentage used to adjust individual income tax brackets under
4 subsection (3) of section 77-2715.03.

5 (c) For taxable years beginning or deemed to begin on or after
6 January 1, 2021, and before January 1, 2025, under the Internal Revenue
7 Code of 1986, as amended, a taxpayer may claim the reduction to federal
8 adjusted gross income allowed under this subsection or the reduction to
9 federal adjusted gross income allowed under subsection (14) of this
10 section, whichever provides the greater reduction.

11 (14)(a) For taxable years beginning or deemed to begin on or after
12 January 1, 2021, under the Internal Revenue Code of 1986, as amended,
13 federal adjusted gross income shall be reduced by a percentage of the
14 social security benefits that are received and included in federal
15 adjusted gross income. The pertinent percentage shall be:

16 (i) Five percent for taxable years beginning or deemed to begin on
17 or after January 1, 2021, and before January 1, 2022, under the Internal
18 Revenue Code of 1986, as amended;

19 (ii) Forty ~~Twenty~~ percent for taxable years beginning or deemed to
20 begin on or after January 1, 2022, and before January 1, 2023, under the
21 Internal Revenue Code of 1986, as amended;

22 (iii) Sixty ~~Thirty~~ percent for taxable years beginning or deemed to
23 begin on or after January 1, 2023, and before January 1, 2024, under the
24 Internal Revenue Code of 1986, as amended;

25 (iv) Eighty ~~Forty~~ percent for taxable years beginning or deemed to
26 begin on or after January 1, 2024, and before January 1, 2025, under the
27 Internal Revenue Code of 1986, as amended; and

28 (v) One hundred ~~Fifty~~ percent for taxable years beginning or deemed
29 to begin on or after January 1, 2025, under the Internal Revenue Code of
30 1986, as amended.

31 ~~(b) It is the intent of the Legislature to enact legislation within~~

1 ~~five years after August 28, 2021, to increase the percentage of social~~
2 ~~security benefits that are excluded under this subsection to (i) sixty~~
3 ~~percent for taxable years beginning or deemed to begin on or after~~
4 ~~January 1, 2026, and before January 1, 2027, under the Internal Revenue~~
5 ~~Code of 1986, as amended, (ii) seventy percent for taxable years~~
6 ~~beginning or deemed to begin on or after January 1, 2027, and before~~
7 ~~January 1, 2028, under the Internal Revenue Code of 1986, as amended,~~
8 ~~(iii) eighty percent for taxable years beginning or deemed to begin on or~~
9 ~~after January 1, 2028, and before January 1, 2029, under the Internal~~
10 ~~Revenue Code of 1986, as amended, (iv) ninety percent for taxable years~~
11 ~~beginning or deemed to begin on or after January 1, 2029, and before~~
12 ~~January 1, 2030, under the Internal Revenue Code of 1986, as amended, and~~
13 ~~(v) one hundred percent for taxable years beginning or deemed to begin on~~
14 ~~or after January 1, 2030, under the Internal Revenue Code of 1986, as~~
15 ~~amended.~~

16 (b) ~~(e)~~ For purposes of this subsection, social security benefits
17 means benefits received under the federal Social Security Act.

18 (c) ~~(d)~~ For taxable years beginning or deemed to begin on or after
19 January 1, 2021, and before January 1, 2025, under the Internal Revenue
20 Code of 1986, as amended, a taxpayer may claim the reduction to federal
21 adjusted gross income allowed under this subsection or the reduction to
22 federal adjusted gross income allowed under subsection (13) of this
23 section, whichever provides the greater reduction.

24 (15)(a) For taxable years beginning or deemed to begin on or after
25 January 1, 2015, and before January 1, 2022, under the Internal Revenue
26 Code of 1986, as amended, an individual may make a one-time election
27 within two calendar years after the date of his or her retirement from
28 the military to exclude income received as a military retirement benefit
29 by the individual to the extent included in federal adjusted gross income
30 and as provided in this subdivision. The individual may elect to exclude
31 forty percent of his or her military retirement benefit income for seven

1 consecutive taxable years beginning with the year in which the election
2 is made or may elect to exclude fifteen percent of his or her military
3 retirement benefit income for all taxable years beginning with the year
4 in which he or she turns sixty-seven years of age.

5 (b) For taxable years beginning or deemed to begin on or after
6 January 1, 2022, under the Internal Revenue Code of 1986, as amended, an
7 individual may exclude one hundred percent of the military retirement
8 benefit income received by such individual to the extent included in
9 federal adjusted gross income.

10 (c) For purposes of this subsection, military retirement benefit
11 means retirement benefits that are periodic payments attributable to
12 service in the uniformed services of the United States for personal
13 services performed by an individual prior to his or her retirement. The
14 term includes retirement benefits described in this subdivision that are
15 reported to the individual on either:

16 (i) An Internal Revenue Service Form 1099-R received from the United
17 States Department of Defense; or

18 (ii) An Internal Revenue Service Form 1099-R received from the
19 United States Office of Personnel Management.

20 (16) For taxable years beginning or deemed to begin on or after
21 January 1, 2021, under the Internal Revenue Code of 1986, as amended,
22 federal adjusted gross income shall be reduced by the amount received as
23 a Segal AmeriCorps Education Award, to the extent such amount is included
24 in federal adjusted gross income.

25 (17) For taxable years beginning or deemed to begin on or after
26 January 1, 2022, under the Internal Revenue Code of 1986, as amended,
27 federal adjusted gross income shall be reduced by the amount received by
28 or on behalf of a firefighter for cancer benefits under the Firefighter
29 Cancer Benefits Act to the extent included in federal adjusted gross
30 income.

31 Sec. 3. Section 77-6701, Revised Statutes Cumulative Supplement,

1 2020, is amended to read:

2 77-6701 Sections 77-6701 to 77-6705 and section 6 of this act shall
3 be known and may be cited as the Nebraska Property Tax Incentive Act.

4 Sec. 4. Section 77-6702, Revised Statutes Cumulative Supplement,
5 2020, is amended to read:

6 77-6702 For purposes of the Nebraska Property Tax Incentive Act:

7 (1) Allowable growth percentage means the percentage increase, if
8 any, in the total assessed value of all real property in the state from
9 the prior year to the current year, as determined by the department,
10 except that in no case shall the allowable growth percentage exceed five
11 percent in any one year;

12 (2) Community college taxes means property taxes levied on real
13 property in this state by a community college area, excluding any
14 property taxes levied for bonded indebtedness and any property taxes
15 levied as a result of an override of limits on property tax levies
16 approved by voters pursuant to section 77-3444;

17 (3) (2) Department means the Department of Revenue;

18 (4) (3) Eligible taxpayer means any individual, corporation,
19 partnership, limited liability company, trust, estate, or other entity
20 that pays school district taxes or community college taxes during a
21 taxable year; and

22 (5) (4) School district taxes means property taxes levied on real
23 property in this state by a school district or multiple-district school
24 system, excluding any property taxes levied for bonded indebtedness and
25 any property taxes levied as a result of an override of limits on
26 property tax levies approved by voters pursuant to section 77-3444.

27 Sec. 5. Section 77-6703, Revised Statutes Supplement, 2021, is
28 amended to read:

29 77-6703 (1) For taxable years beginning or deemed to begin on or
30 after January 1, 2020, under the Internal Revenue Code of 1986, as
31 amended, there shall be allowed to each eligible taxpayer a refundable

1 credit against the income tax imposed by the Nebraska Revenue Act of 1967
2 or against the franchise tax imposed by sections 77-3801 to 77-3807. The
3 credit shall be equal to the credit percentage for the taxable year, as
4 set by the department under subsection (2) of this section, multiplied by
5 the amount of school district taxes paid by the eligible taxpayer during
6 such taxable year.

7 (2)(a) For taxable years beginning or deemed to begin during
8 calendar year 2020, the department shall set the credit percentage so
9 that the total amount of credits for such taxable years shall be one
10 hundred twenty-five million dollars;

11 (b) For taxable years beginning or deemed to begin during calendar
12 year 2021, the department shall set the credit percentage so that the
13 total amount of credits for such taxable years shall be one hundred
14 twenty-five million dollars plus either (i) the amount calculated for
15 such calendar year under subdivision (3)(b)(ii)(B) of section 77-4602 or
16 (ii) the amount calculated for such calendar year under subdivision (3)
17 (c)(ii)(B) of section 77-4602, whichever is applicable;

18 (c) For taxable years beginning or deemed to begin during calendar
19 year 2022, the department shall set the credit percentage so that the
20 total amount of credits for such taxable years shall be five hundred
21 forty-eight million dollars ~~the maximum amount of credits allowed under~~
22 ~~subdivision (2)(b) of this section plus either (i) the amount calculated~~
23 ~~for such calendar year under subdivision (3)(b)(ii)(B) of section 77-4602~~
24 ~~or (ii) the amount calculated for such calendar year under subdivision~~
25 ~~(3)(c)(ii)(B) of section 77-4602, whichever is applicable;~~

26 (d) For taxable years beginning or deemed to begin during calendar
27 year 2023, the department shall set the credit percentage so that the
28 total amount of credits for such taxable years shall be five hundred
29 sixty million seven hundred thousand dollars ~~the maximum amount of~~
30 ~~credits allowed under subdivision (2)(c) of this section plus either (i)~~
31 ~~the amount calculated for such calendar year under subdivision (3)(b)(ii)~~

1 ~~(B) of section 77-4602 or (ii) the amount calculated for such calendar~~
2 ~~year under subdivision (3)(c)(ii)(B) of section 77-4602, whichever is~~
3 ~~applicable; and~~

4 ~~(e) For taxable years beginning or deemed to begin during calendar~~
5 ~~year 2024, the department shall set the credit percentage so that the~~
6 ~~total amount of credits for such taxable years shall be three hundred~~
7 ~~seventy-five million dollars; and~~

8 ~~(e)~~ (f) For taxable years beginning or deemed to begin during
9 calendar year 2024 ~~2025~~ and each calendar year thereafter, the department
10 shall set the credit percentage so that the total amount of credits for
11 such taxable years shall be the maximum amount of credits allowed in the
12 prior year increased by the allowable growth percentage.

13 (3) If the school district taxes are paid by a corporation having an
14 election in effect under subchapter S of the Internal Revenue Code, a
15 partnership, a limited liability company, a trust, or an estate, the
16 amount of school district taxes paid during the taxable year may be
17 allocated to the shareholders, partners, members, or beneficiaries in the
18 same proportion that income is distributed for taxable years beginning or
19 deemed to begin before January 1, 2021, under the Internal Revenue Code
20 of 1986, as amended. The department shall provide forms and schedules
21 necessary for verifying eligibility for the credit provided in this
22 section and for allocating the school district taxes paid. For taxable
23 years beginning or deemed to begin on or after January 1, 2021, under the
24 Internal Revenue Code of 1986, as amended, the refundable credit shall be
25 claimed by the corporation having an election in effect under subchapter
26 S of the Internal Revenue Code, the partnership, the limited liability
27 company, the trust, or the estate that paid the school district taxes.

28 (4) For any fiscal year or short year taxpayer, the credit may be
29 claimed in the first taxable year that begins following the calendar year
30 for which the credit percentage was determined. The credit shall be taken
31 for the school district taxes paid by the taxpayer during the immediately

1 preceding calendar year.

2 (5) For the first taxable year beginning or deemed to begin on or
3 after January 1, 2021, and before January 1, 2022, under the Internal
4 Revenue Code of 1986, as amended, for a corporation having an election in
5 effect under subchapter S of the Internal Revenue Code, a partnership, a
6 limited liability company, a trust, or an estate that paid school
7 district taxes in calendar year 2020 but did not claim the credit
8 directly or allocate such school district taxes to the shareholders,
9 partners, members, or beneficiaries as permitted under subsection (3) of
10 this section, there shall be allowed an additional refundable credit.
11 This credit shall be equal to six percent, multiplied by the amount of
12 school district taxes paid during 2020 by the eligible taxpayer.

13 Sec. 6. (1) For taxable years beginning or deemed to begin on or
14 after January 1, 2022, under the Internal Revenue Code of 1986, as
15 amended, there shall be allowed to each eligible taxpayer a refundable
16 credit against the income tax imposed by the Nebraska Revenue Act of 1967
17 or against the franchise tax imposed by sections 77-3801 to 77-3807. The
18 credit shall be equal to the credit percentage for the taxable year, as
19 set by the department under subsection (2) of this section, multiplied by
20 the amount of community college taxes paid by the eligible taxpayer
21 during such taxable year.

22 (2)(a) For taxable years beginning or deemed to begin during
23 calendar year 2022, the department shall set the credit percentage so
24 that the total amount of credits for such taxable years shall be fifty
25 million dollars;

26 (b) For taxable years beginning or deemed to begin during calendar
27 year 2023, the department shall set the credit percentage so that the
28 total amount of credits for such taxable years shall be one hundred
29 million dollars;

30 (c) For taxable years beginning or deemed to begin during calendar
31 year 2024, the department shall set the credit percentage so that the

1 total amount of credits for such taxable years shall be one hundred
2 twenty-five million dollars;

3 (d) For taxable years beginning or deemed to begin during calendar
4 year 2025, the department shall set the credit percentage so that the
5 total amount of credits for such taxable years shall be one hundred fifty
6 million dollars;

7 (e) For taxable years beginning or deemed to begin during calendar
8 year 2026, the department shall set the credit percentage so that the
9 total amount of credits for such taxable years shall be one hundred
10 ninety-five million dollars; and

11 (f) For taxable years beginning or deemed to begin during calendar
12 year 2027 and each calendar year thereafter, the department shall set the
13 credit percentage so that the total amount of credits for such taxable
14 years shall be the maximum amount of credits allowed in the prior year
15 increased by the allowable growth percentage.

16 (3) If the community college taxes are paid by a corporation having
17 an election in effect under subchapter S of the Internal Revenue Code, a
18 partnership, a limited liability company, a trust, or an estate, the
19 refundable credit shall be claimed by such corporation, partnership,
20 limited liability company, trust, or estate.

21 (4) For any fiscal year or short year taxpayer, the credit may be
22 claimed in the first taxable year that begins following the calendar year
23 for which the credit percentage was determined. The credit shall be taken
24 for the community college taxes paid by the taxpayer during the
25 immediately preceding calendar year.

26 Sec. 7. Original section 77-2715.03, Reissue Revised Statutes of
27 Nebraska, sections 77-6701 and 77-6702, Revised Statutes Cumulative
28 Supplement, 2020, and sections 77-2716 and 77-6703, Revised Statutes
29 Supplement, 2021, are repealed.

30 Sec. 8. Since an emergency exists, this act takes effect when
31 passed and approved according to law.