

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:

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.