

LEGISLATIVE BILL 886

Approved by the Governor April 18, 2016

Introduced by Davis, 43; Kolterman, 24; Watermeier, 1; Johnson, 23; Baker, 30; Krist, 10; Mello, 5; Scheer, 19; Schilz, 47; Seiler, 33; Stinner, 48; Williams, 36; Brasch, 16; Friesen, 34; Groene, 42; Howard, 9; Smith, 14; Sullivan, 41; Hansen, 26; Harr, 8; Hughes, 44; Kolowski, 31; Larson, 40; Ebke, 32; Garrett, 3; Gloor, 35; Haar, 21; Morfeld, 46.

A BILL FOR AN ACT relating to revenue and taxation; to amend section 77-2715.07, Revised Statutes Supplement, 2015; to adopt the Volunteer Emergency Responders Incentive Act; to provide income tax credits; to harmonize provisions; and to repeal the original section.

Be it enacted by the people of the State of Nebraska,

Section 1. Sections 1 to 5 of this act shall be known and may be cited as the Volunteer Emergency Responders Incentive Act.

Sec. 2. For purposes of the Volunteer Emergency Responders Incentive Act:

(1) Active emergency responder means a person who has been approved by the duly constituted authority in control of a volunteer department as a volunteer member of the department, who is performing services, as both a firefighter and on a rescue squad, in the protection of life, health, or property from fire or other emergency, accident, illness, or calamity in connection with which the services of such volunteer department are required, and whose services and activities during a year of service meet the minimum requirements for qualification as an active member of his or her volunteer department as established by section 3 of this act;

(2) Active rescue squad member means a person who has been approved by the duly constituted authority in control of a volunteer department as a volunteer member of the department, who is performing services as part of a rescue squad in the protection of life or health from emergency, accident, illness, or calamity in connection with which the services of such volunteer department are required, and whose services and activities during a year of service meet the minimum requirements for qualification as an active member of his or her volunteer department as established by section 3 of this act;

(3) Active volunteer firefighter means a person who has been approved by the duly constituted authority in control of a volunteer department as a volunteer member of the department, who is performing services as a firefighter in the protection of life or property from fire or other emergency, accident, or calamity in connection with which the services of such volunteer department are required, and whose services and activities during a year of service meet the minimum requirements for qualification as an active member of his or her volunteer department as established by section 3 of this act;

(4) Standard criteria for qualified active service means the minimum annual service requirements for the qualification of a volunteer member of a volunteer department as an active emergency responder, active rescue squad member, or active volunteer firefighter so as to allow such person a refundable credit to be applied against his or her income tax liability; and

(5) Volunteer department means any volunteer fire department, any volunteer first-aid, rescue, ambulance, or emergency squad, or any volunteer fire company, association, or organization serving any city, village, or rural or suburban fire protection district by providing fire protection or emergency response services for the purpose of protecting human life, health, or property.

Sec. 3. (1) The standard criteria for qualified active service shall be based on a total of one hundred possible points per year. A person must accumulate at least fifty points out of the possible one hundred points during a year of service in order to qualify as an active emergency responder, active rescue squad member, or active volunteer firefighter. Points shall be awarded as provided in this section.

(2) A fixed amount of twenty-five points shall be awarded to a person for responding to ten percent of the emergency response calls which are (a) dispatched from his or her assigned station or company during a year of service and (b) relevant to the appropriate duty category of the person. An emergency response call means any dispatch involving an emergency activity that an emergency responder, rescue squad member, or volunteer firefighter is directed to do by the chief of the fire department, the chief of the ambulance service, or the person authorized to act for the chief. No points shall be awarded for responding to less than ten percent of the emergency response calls.

(3) For participation in training courses, a maximum total of not more than twenty-five points may be awarded on the following basis:

(a) For courses under twenty hours duration, one point shall be awarded per two hours in the course, with a maximum of five points awarded per course;

(b) For courses of twenty hours but less than forty-one hours duration, five points shall be awarded, plus one point awarded for each hour after the first twenty hours in the course, with a maximum of ten points awarded per course; and

(c) For courses over forty hours duration, fifteen points shall be awarded per course.

(4) For participation in drills, one point shall be awarded per drill, with a maximum total of twenty points. Each drill shall last at least two hours. Drill means regular monthly drills used for instructional and educational purposes, as well as mock emergency response exercises to evaluate the efficiency or performance by the personnel of a volunteer department.

(5) For attendance at an official meeting of the volunteer department or mutual aid organization, one point shall be awarded per meeting, with a maximum total of not more than ten points.

(6) A fixed award of ten points shall be awarded for completion of a term in one of the following elected or appointed positions: (a) An elected or appointed position defined in the volunteer department's constitution or bylaws; (b) an elected or appointed position of a mutual aid organization; or (c) an elected office of the Nebraska State Volunteer Firefighters Association, the Nebraska Emergency Medical Services Association, or other organized associations dealing with emergency response services in Nebraska.

(7) For participation in activities of fire prevention communicated to the public, at open houses, or at speaking engagements on behalf of the volunteer department, presenting fire or rescue equipment at a parade or other public event, attendance at the Nebraska State Volunteer Firefighters Association annual meeting, attendance at the Nebraska Emergency Medical Services Association annual meeting, attendance at a meeting of a governing body of a city, village, or rural or suburban fire protection district on behalf of the volunteer department, or other activities related to emergency services not covered in this subsection, one point shall be awarded per activity, but no more than one point shall be awarded per day, with a maximum total of not more than ten points.

(8) Activities which may qualify a person to receive points in more than one of the categories described in subsections (2) through (7) of this section shall only be credited in one category.

Sec. 4. (1) Each volunteer department serving a city, village, or rural or suburban fire protection district shall designate one member of the department to serve as the certification administrator. The designation of such individual as the certification administrator shall be confirmed and approved by the governing body of such city, village, or rural or suburban fire protection district. The certification administrator shall keep and maintain records on the activities of all volunteer members and award points for such activities based upon the standard criteria for qualified active service.

(2) The certification administrator shall provide each volunteer member with notice of the total points he or she has accumulated during each six-month period during each year. No later than thirty days following the end of each calendar year of service, the certification administrator shall forward to the governing body of the city, village, or rural or suburban fire protection district a written report specifying the name of each volunteer member of the volunteer department, the number of points accumulated by each volunteer during the year of service, and the names of those volunteers who have qualified as active emergency responders, active rescue squad members, or active volunteer firefighters. At the time of the filing of the report, the certification administrator shall notify each volunteer member of the department whose name does not appear on the list of qualified volunteers of such fact in writing by mailing the notification by first-class United States mail, postage prepaid, to the last-known address of such volunteer member.

(3) The governing body of the city, village, or rural or suburban fire protection district shall approve and certify the list of those volunteers who have qualified as active emergency responders, active rescue squad members, or active volunteer firefighters by February 10 of the following calendar year.

Sec. 5. (1) Each city, village, or rural or suburban fire protection district shall file with the Department of Revenue a certified list of those volunteers who have qualified as active emergency responders, active rescue squad members, or active volunteer firefighters for the immediately preceding calendar year of service no later than February 15.

(2) For taxable years beginning or deemed to begin on or after January 1, 2017, under the Internal Revenue Code of 1986, as amended, each volunteer on the list described in subsection (1) of this section shall receive a refundable credit against the income tax imposed by the Nebraska Revenue Act of 1967 in an amount equal to two hundred fifty dollars beginning with the second taxable year in which such volunteer is included on such list.

Sec. 6. Section 77-2715.07, Revised Statutes Supplement, 2015, is amended to read:

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

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

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

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

(a) For returns filed reporting federal adjusted gross incomes of greater than twenty-nine thousand dollars, a nonrefundable credit equal to twenty-five percent of the federal credit allowed under section 21 of the Internal Revenue Code of 1986, as amended, except that for taxable years beginning or deemed to

begin on or after January 1, 2015, such nonrefundable credit shall be allowed only if the individual would have received the federal credit allowed under section 21 of the code after adding back in any carryforward of a net operating loss that was deducted pursuant to such section in determining eligibility for the federal credit;

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

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

(d) A refundable credit for individuals who qualify for an income tax credit under the Angel Investment Tax Credit Act, the Nebraska Advantage Microenterprise Tax Credit Act, ~~or the Nebraska Advantage Research and Development Act,~~ or the Volunteer Emergency Responders Incentive Act; and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sec. 7. Original section 77-2715.07, Revised Statutes Supplement, 2015, is repealed.