

AMENDMENTS TO LB 456

(Amendments to Final Reading copy)

Introduced by White, 8

1           1. Insert the following new section:

2           Sec. 2. Section 77-2716, Revised Statutes Cumulative  
3 Supplement, 2006, is amended to read:

4           77-2716 (1) The following adjustments to federal adjusted  
5 gross income or, for corporations and fiduciaries, federal taxable  
6 income shall be made for interest or dividends received:

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

13           (b) There shall be subtracted that portion of the  
14 total dividends and other income received from a regulated  
15 investment company which is attributable to obligations described  
16 in subdivision (a) of this subsection as reported to the recipient  
17 by the regulated investment company;

18           (c) There shall be added interest or dividends received  
19 by the owner of obligations of the District of Columbia, other  
20 states of the United States, or their political subdivisions,  
21 authorities, commissions, or instrumentalities to the extent  
22 excluded in the computation of gross income for federal income

1 tax purposes except that such interest or dividends shall not be  
2 added if received by a corporation which is a regulated investment  
3 company;

4 (d) There shall be added that portion of the total  
5 dividends and other income received from a regulated investment  
6 company which is attributable to obligations described in  
7 subdivision (c) of this subsection and excluded for federal  
8 income tax purposes as reported to the recipient by the regulated  
9 investment company; and

10 (e) (i) Any amount subtracted under this subsection shall  
11 be reduced by any interest on indebtedness incurred to carry the  
12 obligations or securities described in this subsection or the  
13 investment in the regulated investment company and by any expenses  
14 incurred in the production of interest or dividend income described  
15 in this subsection to the extent that such expenses, including  
16 amortizable bond premiums, are deductible in determining federal  
17 taxable income.

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

22 (2) There shall be allowed a net operating loss derived  
23 from or connected with Nebraska sources computed under rules  
24 and regulations adopted and promulgated by the Tax Commissioner  
25 consistent, to the extent possible under the Nebraska Revenue  
26 Act of 1967, with the laws of the United States. For a resident  
27 individual, estate, or trust, the net operating loss computed

1 on the federal income tax return shall be adjusted by the  
2 modifications contained in this section. For a nonresident  
3 individual, estate, or trust or for a partial-year resident  
4 individual, the net operating loss computed on the federal return  
5 shall be adjusted by the modifications contained in this section  
6 and any carryovers or carrybacks shall be limited to the portion of  
7 the loss derived from or connected with Nebraska sources.

8 (3) There shall be subtracted from federal adjusted gross  
9 income for all taxable years beginning on or after January 1, 1987,  
10 the amount of any state income tax refund to the extent such refund  
11 was deducted under the Internal Revenue Code, was not allowed in  
12 the computation of the tax due under the Nebraska Revenue Act of  
13 1967, and is included in federal adjusted gross income.

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

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

25 (6) There shall be subtracted from federal taxable income  
26 a portion of the income earned by a corporation subject to the  
27 Internal Revenue Code of 1986 that is actually taxed by a foreign

1 country or one of its political subdivisions at a rate in excess  
2 of the maximum federal tax rate for corporations. The taxpayer may  
3 make the computation for each foreign country or for groups of  
4 foreign countries. The portion of the taxes that may be deducted  
5 shall be computed in the following manner:

6 (a) The amount of federal taxable income from operations  
7 within a foreign taxing jurisdiction shall be reduced by the amount  
8 of taxes actually paid to the foreign jurisdiction that are not  
9 deductible solely because the foreign tax credit was elected on the  
10 federal income tax return;

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

14 (c) The result of the calculation in subdivision (b) of  
15 this subsection shall be subtracted from the amount of federal  
16 taxable income used in subdivision (a) of this subsection. The  
17 result of such calculation, if greater than zero, shall be  
18 subtracted from federal taxable income.

19 (7) Federal adjusted gross income shall be modified to  
20 exclude any amount repaid by the taxpayer for which a reduction  
21 in federal tax is allowed under section 1341(a)(5) of the Internal  
22 Revenue Code.

23 (8) (a) Federal adjusted gross income or, for corporations  
24 and fiduciaries, federal taxable income shall be reduced, to the  
25 extent included, by income from interest, earnings, and state  
26 contributions received from the Nebraska educational savings plan  
27 trust created in sections 85-1801 to 85-1814.

1           (b) Federal adjusted gross income or, for corporations  
2 and fiduciaries, federal taxable income shall be reduced, to the  
3 extent not deducted for federal income tax purposes, by the amount  
4 of any gift, grant, or donation made to the Nebraska educational  
5 savings plan trust for deposit in the endowment fund of the trust.

6           (c) Federal adjusted gross income or, for corporations  
7 and fiduciaries, federal taxable income shall be reduced by any  
8 contributions as a participant in the Nebraska educational savings  
9 plan trust, to the extent not deducted for federal income tax  
10 purposes, but not to exceed five hundred dollars per married filing  
11 separate return or one thousand dollars for any other return.

12           (d) Federal adjusted gross income or, for corporations  
13 and fiduciaries, federal taxable income shall be increased by  
14 the amount resulting from the cancellation of a participation  
15 agreement refunded to the taxpayer as a participant in the Nebraska  
16 educational savings plan trust to the extent previously deducted as  
17 a contribution to the trust.

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

1 December 31, 2005.

2 (b) For a partnership, limited liability company,  
3 cooperative, including any cooperative exempt from income taxes  
4 under section 521 of the Internal Revenue Code of 1986, as amended,  
5 subchapter S corporation, or joint venture, the increase shall be  
6 distributed to the partners, members, shareholders, patrons, or  
7 beneficiaries in the same manner as income is distributed for use  
8 against their income tax liabilities.

9 (c) For a corporation with a unitary business having  
10 activity both inside and outside the state, the increase shall be  
11 apportioned to Nebraska in the same manner as income is apportioned  
12 to the state by section 77-2734.05.

13 (d) The amount of bonus depreciation added to federal  
14 adjusted gross income or, for corporations and fiduciaries, federal  
15 taxable income by this subsection shall be subtracted in a  
16 later taxable year. Twenty percent of the total amount of bonus  
17 depreciation added back by this subsection for tax years beginning  
18 or deemed to begin before January 1, 2003, under the Internal  
19 Revenue Code of 1986, as amended, may be subtracted in the first  
20 taxable year beginning or deemed to begin on or after January 1,  
21 2005, under the Internal Revenue Code of 1986, as amended, and  
22 twenty percent in each of the next four following taxable years.  
23 Twenty percent of the total amount of bonus depreciation added back  
24 by this subsection for tax years beginning or deemed to begin on or  
25 after January 1, 2003, may be subtracted in the first taxable year  
26 beginning or deemed to begin on or after January 1, 2006, under the  
27 Internal Revenue Code of 1986, as amended, and twenty percent in

1 each of the next four following taxable years.

2 (10) For taxable years beginning or deemed to begin on  
3 or after January 1, 2003, and before January 1, 2006, under the  
4 Internal Revenue Code of 1986, as amended, federal adjusted gross  
5 income or, for corporations and fiduciaries, federal taxable income  
6 shall be increased by the amount of any capital investment that is  
7 expensed under section 179 of the Internal Revenue Code of 1986,  
8 as amended, that is in excess of twenty-five thousand dollars that  
9 is allowed under the federal Jobs and Growth Tax Act of 2003.  
10 Twenty percent of the total amount of expensing added back by  
11 this subsection for tax years beginning or deemed to begin on or  
12 after January 1, 2003, may be subtracted in the first taxable year  
13 beginning or deemed to begin on or after January 1, 2006, under the  
14 Internal Revenue Code of 1986, as amended, and twenty percent in  
15 each of the next four following tax years.

16 (11)(a) Federal adjusted gross income shall be reduced  
17 by contributions, up to two thousand dollars per married filing  
18 jointly return or one thousand dollars for any other return, and  
19 any investment earnings made as a participant in the Nebraska  
20 long-term care savings plan under the Long-Term Care Savings Plan  
21 Act, to the extent not deducted for federal income tax purposes.

22 (b) Federal adjusted gross income shall be increased by  
23 the withdrawals made as a participant in the Nebraska long-term  
24 care savings plan under the act by a person who is not a qualified  
25 individual or for any reason other than transfer of funds to a  
26 spouse, long-term care expenses, long-term care insurance premiums,  
27 or death of the participant, including withdrawals made by reason

1 of cancellation of the participation agreement or termination of  
2 the plan, to the extent previously deducted as a contribution or as  
3 investment earnings.

4 (12) There shall be added to federal adjusted gross  
5 income for individuals, estates, and trusts any amount taken as  
6 a credit for franchise tax paid by a financial institution under  
7 sections 77-3801 to 77-3807 as allowed by subsection (6) of section  
8 77-2715.07.

9 2. On page 1, line 3; and page 6, line 10, strike  
10 "section 77-2715.07" and insert "sections 77-2715.07 and 77-2716".

11 3. Renumber the remaining sections accordingly.