

AMENDMENTS TO LB756

Introduced by Revenue.

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

3 Section 1. Section 77-2716, Revised Statutes Supplement, 2015, 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) There shall be subtracted interest or dividends received by the
9 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;

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

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

26 (d) There shall be added that portion of the total dividends and
27 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 85-1814 and the achieving a better life experience
8 program as provided in sections 77-1401 to 77-1409.

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

24 (c) Federal adjusted gross income or, for corporations and
25 fiduciaries, federal taxable income shall be increased by the amount
26 resulting from the cancellation of a participation agreement refunded to
27 the taxpayer as a participant in the Nebraska educational savings plan
28 trust to the extent previously deducted as a contribution to the trust or
29 in the achieving a better life experience program as provided in sections
30 77-1401 to 77-1409, if applicable.

31 (9)(a) For income tax returns filed after September 10, 2001, for

1 taxable years beginning or deemed to begin before January 1, 2006, under
2 the Internal Revenue Code of 1986, as amended, federal adjusted gross
3 income or, for corporations and fiduciaries, federal taxable income shall
4 be increased by eighty-five percent of any amount of any federal bonus
5 depreciation received under the federal Job Creation and Worker
6 Assistance Act of 2002 or the federal Jobs and Growth Tax Act of 2003,
7 under section 168(k) or section 1400L of the Internal Revenue Code of
8 1986, as amended, for assets placed in service after September 10, 2001,
9 and before December 31, 2005.

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

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

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

1 after January 1, 2003, may be subtracted in the first taxable year
2 beginning or deemed to begin on or after January 1, 2006, under the
3 Internal Revenue Code of 1986, as amended, and twenty percent in each of
4 the next four following taxable years.

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

18 (11)(a) For taxable years beginning or deemed to begin before
19 January 1, 2018, under the Internal Revenue Code of 1986, as amended,
20 federal ~~Federal~~ adjusted gross income shall be reduced by contributions,
21 up to two thousand dollars per married filing jointly return or one
22 thousand dollars for any other return, and any investment earnings made
23 as a participant in the Nebraska long-term care savings plan under the
24 Long-Term Care Savings Plan Act, to the extent not deducted for federal
25 income tax purposes.

26 (b) For taxable years beginning or deemed to begin before January 1,
27 2018, under the Internal Revenue Code of 1986, as amended, federal
28 ~~Federal~~ adjusted gross income shall be increased by the withdrawals made
29 as a participant in the Nebraska long-term care savings plan under the
30 act by a person who is not a qualified individual or for any reason other
31 than transfer of funds to a spouse, long-term care expenses, long-term

1 care insurance premiums, or death of the participant, including
2 withdrawals made by reason of cancellation of the participation agreement
3 ~~or termination of the plan~~, to the extent previously deducted as a
4 contribution or as investment earnings.

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

9 (13) For taxable years beginning or deemed to begin on or after
10 January 1, 2015, under the Internal Revenue Code of 1986, as amended,
11 federal adjusted gross income shall be reduced by the amount received as
12 benefits under the federal Social Security Act which are included in the
13 federal adjusted gross income if:

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

16 (b) For taxpayers filing any other return, federal adjusted gross
17 income is forty-three thousand dollars or less.

18 (14) For taxable years beginning or deemed to begin on or after
19 January 1, 2015, under the Internal Revenue Code of 1986, as amended, an
20 individual may make a one-time election within two calendar years after
21 the date of his or her retirement from the military to exclude income
22 received as a military retirement benefit by the individual to the extent
23 included in federal adjusted gross income and as provided in this
24 subsection. The individual may elect to exclude forty percent of his or
25 her military retirement benefit income for seven consecutive taxable
26 years beginning with the year in which the election is made or may elect
27 to exclude fifteen percent of his or her military retirement benefit
28 income for all taxable years beginning with the year in which he or she
29 turns sixty-seven years of age. For purposes of this subsection, military
30 retirement benefit means retirement benefits that are periodic payments
31 attributable to service in the uniformed services of the United States

1 for personal services performed by an individual prior to his or her
2 retirement.

3 Sec. 2. Section 77-6101, Reissue Revised Statutes of Nebraska, is
4 amended to read:

5 77-6101 Sections 77-6101 to 77-6105 and section 4 of this act shall
6 be known and may be cited as the Long-Term Care Savings Plan Act.

7 Sec. 3. Section 77-6105, Reissue Revised Statutes of Nebraska, is
8 amended to read:

9 77-6105 A qualified individual as defined in subdivision (4)(a) of
10 section 77-6102 may make withdrawals as a participant in the Nebraska
11 long-term care savings plan to pay or reimburse long-term care expenses.
12 A qualified individual as defined in subdivision (4)(b) of section
13 77-6102 may make withdrawals to pay or reimburse long-term care insurance
14 premiums. Any participant who is not a qualified individual or who makes
15 a withdrawal for any reason other than transfer of funds to a spouse,
16 long-term care expenses, long-term care insurance premiums, ~~or~~ death of
17 the participant, or termination of the Long-Term Care Savings Plan Act
18 shall be subject to a ten-percent penalty on the amount withdrawn. The
19 State Treasurer shall collect the penalty.

20 Sec. 4. The Long-Term Care Savings Plan Act terminates on January 1,
21 2018. Any participant in the Nebraska long-term care savings plan on the
22 termination date shall be entitled to receive the full balance of his or
23 her account on such date.

24 Sec. 5. Original sections 77-6101 and 77-6105, Reissue Revised
25 Statutes of Nebraska, and section 77-2716, Revised Statutes Supplement,
26 2015, are repealed.