

AMENDMENTS TO LB477

Introduced by Vargas, 7.

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

3           Section 1. Section 77-2716, Revised Statutes Supplement, 2019, 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

1 dividends shall not be added if received by a corporation which is a  
2 regulated investment company;

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

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

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

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

30 (3) There shall be subtracted from federal adjusted gross income for  
31 all taxable years beginning on or after January 1, 1987, the amount of

1 any state income tax refund to the extent such refund was deducted under  
2 the Internal Revenue Code, was not allowed in the computation of the tax  
3 due under the Nebraska Revenue Act of 1967, and is included in federal  
4 adjusted gross income.

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

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

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

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

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

30 (c) The result of the calculation in subdivision (b) of this  
31 subsection shall be subtracted from the amount of federal taxable income

1 used in subdivision (a) of this subsection. The result of such  
2 calculation, if greater than zero, shall be subtracted from federal  
3 taxable income.

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

7 (8)(a) Federal adjusted gross income or, for corporations and  
8 fiduciaries, federal taxable income shall be reduced, to the extent  
9 included, by income from interest, earnings, and state contributions  
10 received from the Nebraska educational savings plan trust created in  
11 sections 85-1801 to 85-1817 and any account established under the  
12 achieving a better life experience program as provided in sections  
13 77-1401 to 77-1409.

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

30 (c) Federal adjusted gross income or, for corporations and  
31 fiduciaries, federal taxable income shall be increased by:

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

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

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

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

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

30 (d) The amount of bonus depreciation added to federal adjusted gross  
31 income or, for corporations and fiduciaries, federal taxable income by

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

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

27 (11)(a) For taxable years beginning or deemed to begin before  
28 January 1, 2018, under the Internal Revenue Code of 1986, as amended,  
29 federal adjusted gross income shall be reduced by contributions, up to  
30 two thousand dollars per married filing jointly return or one thousand  
31 dollars for any other return, and any investment earnings made as a

1 participant in the Nebraska long-term care savings plan under the Long-  
2 Term Care Savings Plan Act, to the extent not deducted for federal income  
3 tax purposes.

4 (b) For taxable years beginning or deemed to begin before January 1,  
5 2018, under the Internal Revenue Code of 1986, as amended, federal  
6 adjusted gross income shall be increased by the withdrawals made as a  
7 participant in the Nebraska long-term care savings plan under the act by  
8 a person who is not a qualified individual or for any reason other than  
9 transfer of funds to a spouse, long-term care expenses, long-term care  
10 insurance premiums, or death of the participant, including withdrawals  
11 made by reason of cancellation of the participation agreement, to the  
12 extent previously deducted as a contribution or as investment earnings.

13 (12) There shall be added to federal adjusted gross income for  
14 individuals, estates, and trusts any amount taken as a credit for  
15 franchise tax paid by a financial institution under sections 77-3801 to  
16 77-3807 as allowed by subsection (5) of section 77-2715.07.

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

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

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

26 (b) For taxable years beginning or deemed to begin on or after  
27 January 1, 2020, under the Internal Revenue Code of 1986, as amended, the  
28 Tax Commissioner shall adjust the dollar amounts provided in subdivisions  
29 (13)(a)(i) and (ii) of this section by the same percentage used to adjust  
30 individual income tax brackets under subsection (3) of section  
31 77-2715.03.

1           (14) For taxable years beginning or deemed to begin on or after  
2 January 1, 2015, under the Internal Revenue Code of 1986, as amended, an  
3 individual may make a one-time election within two calendar years after  
4 the date of his or her retirement from the military to exclude income  
5 received as a military retirement benefit by the individual to the extent  
6 included in federal adjusted gross income and as provided in this  
7 subsection. The individual may elect to exclude forty percent of his or  
8 her military retirement benefit income for seven consecutive taxable  
9 years beginning with the year in which the election is made or may elect  
10 to exclude fifteen percent of his or her military retirement benefit  
11 income for all taxable years beginning with the year in which he or she  
12 turns sixty-seven years of age. For purposes of this subsection, military  
13 retirement benefit means retirement benefits that are periodic payments  
14 attributable to service in the uniformed services of the United States  
15 for personal services performed by an individual prior to his or her  
16 retirement.

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

22           Sec. 2. Original section 77-2716, Revised Statutes Supplement,  
23 2019, is repealed.