

AMENDMENTS TO LB64

Introduced by Revenue.

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

3           Section 1. Section 77-2716, Revised Statutes Cumulative Supplement,  
4 2020, is 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) For taxable years beginning or deemed to begin on or after  
31 January 1, 2021, under the Internal Revenue Code of 1986, as amended,

1 federal adjusted gross income shall be reduced, to the extent included in  
2 the adjusted gross income of an individual, by the amount of any  
3 contribution made by the individual's employer into an account under the  
4 Nebraska educational savings plan trust owned by the individual, not to  
5 exceed five thousand dollars per married filing separate return or ten  
6 thousand dollars for any other return.

7 (d) Federal adjusted gross income or, for corporations and  
8 fiduciaries, federal taxable income shall be increased by:

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

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

17 (9)(a) For income tax returns filed after September 10, 2001, for  
18 taxable years beginning or deemed to begin before January 1, 2006, under  
19 the Internal Revenue Code of 1986, as amended, federal adjusted gross  
20 income or, for corporations and fiduciaries, federal taxable income shall  
21 be increased by eighty-five percent of any amount of any federal bonus  
22 depreciation received under the federal Job Creation and Worker  
23 Assistance Act of 2002 or the federal Jobs and Growth Tax Act of 2003,  
24 under section 168(k) or section 1400L of the Internal Revenue Code of  
25 1986, as amended, for assets placed in service after September 10, 2001,  
26 and before December 31, 2005.

27 (b) For a partnership, limited liability company, cooperative,  
28 including any cooperative exempt from income taxes under section 521 of  
29 the Internal Revenue Code of 1986, as amended, limited cooperative  
30 association, subchapter S corporation, or joint venture, the increase  
31 shall be distributed to the partners, members, shareholders, patrons, or

1 beneficiaries in the same manner as income is distributed for use against  
2 their income tax liabilities.

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

7 (d) The amount of bonus depreciation added to federal adjusted gross  
8 income or, for corporations and fiduciaries, federal taxable income by  
9 this subsection shall be subtracted in a later taxable year. Twenty  
10 percent of the total amount of bonus depreciation added back by this  
11 subsection for tax years beginning or deemed to begin before January 1,  
12 2003, under the Internal Revenue Code of 1986, as amended, may be  
13 subtracted in the first taxable year beginning or deemed to begin on or  
14 after January 1, 2005, under the Internal Revenue Code of 1986, as  
15 amended, and twenty percent in each of the next four following taxable  
16 years. Twenty percent of the total amount of bonus depreciation added  
17 back by this subsection for tax years beginning or deemed to begin on or  
18 after January 1, 2003, may be subtracted in the first taxable year  
19 beginning or deemed to begin on or after January 1, 2006, under the  
20 Internal Revenue Code of 1986, as amended, and twenty percent in each of  
21 the next four following taxable years.

22 (10) For taxable years beginning or deemed to begin on or after  
23 January 1, 2003, and before January 1, 2006, under the Internal Revenue  
24 Code of 1986, as amended, federal adjusted gross income or, for  
25 corporations and fiduciaries, federal taxable income shall be increased  
26 by the amount of any capital investment that is expensed under section  
27 179 of the Internal Revenue Code of 1986, as amended, that is in excess  
28 of twenty-five thousand dollars that is allowed under the federal Jobs  
29 and Growth Tax Act of 2003. Twenty percent of the total amount of  
30 expensing added back by this subsection for tax years beginning or deemed  
31 to begin on or after January 1, 2003, may be subtracted in the first

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

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

12 (b) For taxable years beginning or deemed to begin before January 1,  
13 2018, under the Internal Revenue Code of 1986, as amended, federal  
14 adjusted gross income shall be increased by the withdrawals made as a  
15 participant in the Nebraska long-term care savings plan under the act by  
16 a person who is not a qualified individual or for any reason other than  
17 transfer of funds to a spouse, long-term care expenses, long-term care  
18 insurance premiums, or death of the participant, including withdrawals  
19 made by reason of cancellation of the participation agreement, to the  
20 extent previously deducted as a contribution or as investment earnings.

21 (12) There shall be added to federal adjusted gross income for  
22 individuals, estates, and trusts any amount taken as a credit for  
23 franchise tax paid by a financial institution under sections 77-3801 to  
24 77-3807 as allowed by subsection (5) of section 77-2715.07.

25 (13)(a) For taxable years beginning or deemed to begin on or after  
26 January 1, 2015, and before January 1, 2021, under the Internal Revenue  
27 Code of 1986, as amended, federal adjusted gross income shall be reduced  
28 by the amount received as benefits under the federal Social Security Act  
29 which are included in the federal adjusted gross income if:

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

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

3 (b) For taxable years beginning or deemed to begin on or after  
4 January 1, 2020, and before January 1, 2021, under the Internal Revenue  
5 Code of 1986, as amended, the Tax Commissioner shall adjust the dollar  
6 amounts provided in subdivisions (13)(a)(i) and (ii) of this section by  
7 the same percentage used to adjust individual income tax brackets under  
8 subsection (3) of section 77-2715.03.

9 (14)(a) For taxable years beginning or deemed to begin on or after  
10 January 1, 2021, under the Internal Revenue Code of 1986, as amended,  
11 federal adjusted gross income shall be reduced by a percentage of the  
12 social security benefits that are received and included in federal  
13 adjusted gross income. The pertinent percentage shall be:

14 (i) Five percent for taxable years beginning or deemed to begin on  
15 or after January 1, 2021, and before January 1, 2022, under the Internal  
16 Revenue Code of 1986, as amended;

17 (ii) Twenty percent for taxable years beginning or deemed to begin  
18 on or after January 1, 2022, and before January 1, 2023, under the  
19 Internal Revenue Code of 1986, as amended;

20 (iii) Thirty percent for taxable years beginning or deemed to begin  
21 on or after January 1, 2023, and before January 1, 2024, under the  
22 Internal Revenue Code of 1986, as amended;

23 (iv) Forty percent for taxable years beginning or deemed to begin on  
24 or after January 1, 2024, and before January 1, 2025, under the Internal  
25 Revenue Code of 1986, as amended;

26 (v) Fifty percent for taxable years beginning or deemed to begin on  
27 or after January 1, 2025, and before January 1, 2026, under the Internal  
28 Revenue Code of 1986, as amended;

29 (vi) Sixty percent for taxable years beginning or deemed to begin on  
30 or after January 1, 2026, and before January 1, 2027, under the Internal  
31 Revenue Code of 1986, as amended;



1           (vii) Seventy percent for taxable years beginning or deemed to begin  
2 on or after January 1, 2027, and before January 1, 2028, under the  
3 Internal Revenue Code of 1986, as amended;

4           (viii) Eighty percent for taxable years beginning or deemed to begin  
5 on or after January 1, 2028, and before January 1, 2029, under the  
6 Internal Revenue Code of 1986, as amended;

7           (ix) Ninety percent for taxable years beginning or deemed to begin  
8 on or after January 1, 2029, and before January 1, 2030, under the  
9 Internal Revenue Code of 1986, as amended; and

10           (x) One hundred percent for taxable years beginning or deemed to  
11 begin on or after January 1, 2030, under the Internal Revenue Code of  
12 1986, as amended.

13           (b) For purposes of this subsection, social security benefits means  
14 benefits received under the federal Social Security Act.

15           (15)(a) ~~(14)(a)~~ For taxable years beginning or deemed to begin on or  
16 after January 1, 2015, and before January 1, 2022, under the Internal  
17 Revenue Code of 1986, as amended, an individual may make a one-time  
18 election within two calendar years after the date of his or her  
19 retirement from the military to exclude income received as a military  
20 retirement benefit by the individual to the extent included in federal  
21 adjusted gross income and as provided in this subdivision. The individual  
22 may elect to exclude forty percent of his or her military retirement  
23 benefit income for seven consecutive taxable years beginning with the  
24 year in which the election is made or may elect to exclude fifteen  
25 percent of his or her military retirement benefit income for all taxable  
26 years beginning with the year in which he or she turns sixty-seven years  
27 of age.

28           (b) For taxable years beginning or deemed to begin on or after  
29 January 1, 2022, under the Internal Revenue Code of 1986, as amended, an  
30 individual may exclude fifty percent of the military retirement benefit  
31 income received by such individual to the extent included in federal

1 adjusted gross income.

2 (c) For purposes of this subsection, military retirement benefit  
3 means retirement benefits that are periodic payments attributable to  
4 service in the uniformed services of the United States for personal  
5 services performed by an individual prior to his or her retirement.

6 (16) ~~(15)~~ For taxable years beginning or deemed to begin on or after  
7 January 1, 2021, under the Internal Revenue Code of 1986, as amended,  
8 federal adjusted gross income shall be reduced by the amount received as  
9 a Segal AmeriCorps Education Award, to the extent such amount is included  
10 in federal adjusted gross income.

11 Sec. 2. Original section 77-2716, Revised Statutes Cumulative  
12 Supplement, 2020, is repealed.