

AMENDMENTS TO LB1317

(Amendments to Standing Committee amendments, AM3246)

Introduced by Hansen, 16.

1           1. Strike section 54 and insert the following new sections:

2           Sec. 45. Section 77-101, Reissue Revised Statutes of Nebraska, is  
3 amended to read:

4           77-101 For purposes of Chapter 77 and any statutes dealing with  
5 taxation, unless the context otherwise requires, the definitions found in  
6 sections 77-102 to 77-132 and section 47 of this act shall be used.

7           Sec. 46. Section 77-106, Reissue Revised Statutes of Nebraska, is  
8 amended to read:

9           77-106 The term money includes all kinds of coin and all kinds of  
10 paper, issued by or under authority of the United States, circulating as  
11 money. Money does not include central bank digital currency.

12           Sec. 47. Central bank digital currency means any digital currency,  
13 digital medium of exchange, or digital monetary unit of account issued by  
14 the United States Federal Reserve System, a federal agency, a foreign  
15 government, a foreign central bank, or a foreign reserve system, that is  
16 made directly available to a consumer by such entities, and includes any  
17 such digital currency, digital medium of exchange, or digital monetary  
18 unit of account that is processed or validated directly by such entities.

19           Sec. 56. Section 77-2704.66, Reissue Revised Statutes of Nebraska,  
20 is amended to read:

21           77-2704.66 (1) Sales and use taxes shall not be imposed on the gross  
22 receipts from the sale, lease, or rental of and the storage, use, or  
23 other consumption in this state of currency or bullion.

24           (2) For purposes of this section:

25           (a) Bullion means coins, bars, ingots, notes, leaf, foil, film, or  
26 commemorative medallions of gold, silver, platinum, or palladium, or a

1 combination of these, for which the value ~~of the metal~~ depends primarily  
2 on its content and not the form; and

3 (b) Currency means a coin or currency made of gold, silver, or other  
4 metal or paper which is or has been used as legal tender.

5 Sec. 58. Section 77-2716, Revised Statutes Supplement, 2023, is  
6 amended to read:

7 77-2716 (1) The following adjustments to federal adjusted gross  
8 income or, for corporations and fiduciaries, federal taxable income shall  
9 be made for interest or dividends received:

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

16 (ii) There shall be subtracted interest received by the owner of  
17 obligations of the State of Nebraska or its political subdivisions or  
18 authorities which are Build America Bonds to the extent includable in  
19 gross income for federal income tax purposes;

20 (b) There shall be subtracted that portion of the total dividends  
21 and other income received from a regulated investment company which is  
22 attributable to obligations described in subdivision (a) of this  
23 subsection as reported to the recipient by the regulated investment  
24 company;

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

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

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

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

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

28 (3) There shall be subtracted from federal adjusted gross income for  
29 all taxable years beginning on or after January 1, 1987, the amount of  
30 any state income tax refund to the extent such refund was deducted under  
31 the Internal Revenue Code, was not allowed in the computation of the tax

1 due under the Nebraska Revenue Act of 1967, and is included in federal  
2 adjusted gross income.

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

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

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

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

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

28 (c) The result of the calculation in subdivision (b) of this  
29 subsection shall be subtracted from the amount of federal taxable income  
30 used in subdivision (a) of this subsection. The result of such  
31 calculation, if greater than zero, shall be subtracted from federal

1 taxable income.

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

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

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

28 (c) For taxable years beginning or deemed to begin on or after  
29 January 1, 2021, under the Internal Revenue Code of 1986, as amended,  
30 federal adjusted gross income shall be reduced, to the extent included in  
31 the adjusted gross income of an individual, by the amount of any

1 contribution made by the individual's employer into an account under the  
2 Nebraska educational savings plan trust owned by the individual, not to  
3 exceed five thousand dollars per married filing separate return or ten  
4 thousand dollars for any other return.

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

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

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

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

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

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

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

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

1 in each of the next four following tax years.

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

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

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

23 (13)(a) For taxable years beginning or deemed to begin on or after  
24 January 1, 2015, and before January 1, 2024, under the Internal Revenue  
25 Code of 1986, as amended, federal adjusted gross income shall be reduced  
26 by the amount received as benefits under the federal Social Security Act  
27 which are included in the federal adjusted gross income if:

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

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



1 (b) For taxable years beginning or deemed to begin on or after  
2 January 1, 2020, and before January 1, 2024, under the Internal Revenue  
3 Code of 1986, as amended, the Tax Commissioner shall adjust the dollar  
4 amounts provided in subdivisions (13)(a)(i) and (ii) of this section by  
5 the same percentage used to adjust individual income tax brackets under  
6 subsection (3) of section 77-2715.03.

7 (c) For taxable years beginning or deemed to begin on or after  
8 January 1, 2021, and before January 1, 2024, under the Internal Revenue  
9 Code of 1986, as amended, a taxpayer may claim the reduction to federal  
10 adjusted gross income allowed under this subsection or the reduction to  
11 federal adjusted gross income allowed under subsection (14) of this  
12 section, whichever provides the greater reduction.

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

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

21 (ii) Forty percent for taxable years beginning or deemed to begin on  
22 or after January 1, 2022, and before January 1, 2023, under the Internal  
23 Revenue Code of 1986, as amended;

24 (iii) Sixty percent for taxable years beginning or deemed to begin  
25 on or after January 1, 2023, and before January 1, 2024, under the  
26 Internal Revenue Code of 1986, as amended; and

27 (iv) One hundred percent for taxable years beginning or deemed to  
28 begin on or after January 1, 2024, under the Internal Revenue Code of  
29 1986, as amended.

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

1 (c) For taxable years beginning or deemed to begin on or after  
2 January 1, 2021, and before January 1, 2024, under the Internal Revenue  
3 Code of 1986, as amended, a taxpayer may claim the reduction to federal  
4 adjusted gross income allowed under this subsection or the reduction to  
5 federal adjusted gross income allowed under subsection (13) of this  
6 section, whichever provides the greater reduction.

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

19 (b) For taxable years beginning or deemed to begin on or after  
20 January 1, 2022, under the Internal Revenue Code of 1986, as amended, an  
21 individual may exclude one hundred percent of the military retirement  
22 benefit income received by such individual to the extent included in  
23 federal adjusted gross income.

24 (c) For purposes of this subsection, military retirement benefit  
25 means retirement benefits that are periodic payments attributable to  
26 service in the uniformed services of the United States for personal  
27 services performed by an individual prior to his or her retirement. The  
28 term includes retirement benefits described in this subdivision that are  
29 reported to the individual on either:

30 (i) An Internal Revenue Service Form 1099-R received from the United  
31 States Department of Defense; or

1 (ii) An Internal Revenue Service Form 1099-R received from the  
2 United States Office of Personnel Management.

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

8 (17) For taxable years beginning or deemed to begin on or after  
9 January 1, 2022, under the Internal Revenue Code of 1986, as amended,  
10 federal adjusted gross income shall be reduced by the amount received by  
11 or on behalf of a firefighter for cancer benefits under the Firefighter  
12 Cancer Benefits Act to the extent included in federal adjusted gross  
13 income.

14 (18) There shall be subtracted from the federal adjusted gross  
15 income of individuals any amount received by the individual as student  
16 loan repayment assistance under the Teach in Nebraska Today Act, to the  
17 extent such amount is included in federal adjusted gross income.

18 (19) For taxable years beginning or deemed to begin on or after  
19 January 1, 2023, under the Internal Revenue Code of 1986, as amended, a  
20 retired individual who was employed full time as a firefighter or  
21 certified law enforcement officer for at least twenty years and who is at  
22 least sixty years of age as of the end of the taxable year may reduce his  
23 or her federal adjusted gross income by the amount of health insurance  
24 premiums paid by such individual during the taxable year, to the extent  
25 such premiums were not already deducted in determining the individual's  
26 federal adjusted gross income.

27 (20) For taxable years beginning or deemed to begin on or after  
28 January 1, 2024, under the Internal Revenue Code of 1986, as amended, an  
29 individual may reduce his or her federal adjusted gross income by the  
30 amounts received as annuities under the ~~Federal Employees Retirement~~  
31 ~~System~~ or the Civil Service Retirement System which were earned for being

1 employed by the federal government, to the extent such amounts are  
2 included in federal adjusted gross income.

3 (21) There shall be added to federal adjusted gross income or, for  
4 corporations and fiduciaries, federal taxable income for all taxable  
5 years beginning on or after January 1, 2025, the amount of any net  
6 capital loss that is derived from the sale or exchange of gold or silver  
7 bullion to the extent such loss is included in federal adjusted gross  
8 income except that such loss shall not be added if the loss is derived  
9 from the sale of bullion as a taxable distribution from any retirement  
10 plan account that holds gold or silver bullion. For the purposes of this  
11 subsection, bullion has the same meaning as in section 77-2704.66.

12 (22) There shall be subtracted from federal adjusted gross income  
13 or, for corporations and fiduciaries, federal taxable income for all  
14 taxable years beginning on or after January 1, 2025, the amount of any  
15 net capital gain that is derived from the sale or exchange of gold or  
16 silver bullion to the extent such gain is included in federal adjusted  
17 gross income except that such gain shall not be subtracted if the gain is  
18 derived from the sale of bullion as a taxable distribution from any  
19 retirement plan account that holds gold or silver bullion. For the  
20 purposes of this subsection, bullion has the same meaning as in section  
21 77-2704.66.

- 22 2. Correct the operative date and repealer sections so that:
- 23 a. Sections 45, 46, 47, and 56 added by this amendment become  
24 operative on January 1, 2025; and
- 25 b. Section 58 added by this amendment becomes operative three  
26 calendar months after the adjournment of this legislative session.
- 27 3. Renumber the remaining sections and correct internal references  
28 accordingly.