

AMENDMENTS TO LB75

Introduced by Revenue

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

3           Section 1. Section 77-2716, Revised Statutes Supplement,  
4 2013, is amended to read:

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

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

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

19           (c) There shall be added interest or dividends received  
20 by the owner of obligations of the District of Columbia, other  
21 states of the United States, or their political subdivisions,  
22 authorities, commissions, or instrumentalities to the extent  
23 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 Nebraska Uniform Limited Liability Company Act that is not derived  
20 from or connected with Nebraska sources as determined in section  
21 77-2734.01.

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

26 (6) There shall be subtracted from federal taxable income  
27 a portion of the income earned by a corporation subject to the

1 Internal Revenue Code of 1986 that is actually taxed by a foreign  
2 country or one of its political subdivisions at a rate in excess  
3 of the maximum federal tax rate for corporations. The taxpayer may  
4 make the computation for each foreign country or for groups of  
5 foreign countries. The portion of the taxes that may be deducted  
6 shall be computed in the following manner:

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

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

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

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

24 (8) (a) Federal adjusted gross income or, for corporations  
25 and fiduciaries, federal taxable income shall be reduced, to the  
26 extent included, by income from interest, earnings, and state  
27 contributions received from the Nebraska educational savings plan

1 trust created in sections 85-1801 to 85-1814.

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

17 (c) Federal adjusted gross income or, for corporations  
18 and fiduciaries, federal taxable income shall be increased by  
19 the amount resulting from the cancellation of a participation  
20 agreement refunded to the taxpayer as a participant in the Nebraska  
21 educational savings plan trust to the extent previously deducted as  
22 a contribution to the trust.

23 (9) (a) For income tax returns filed after September 10,  
24 2001, for taxable years beginning or deemed to begin before January  
25 1, 2006, under the Internal Revenue Code of 1986, as amended,  
26 federal adjusted gross income or, for corporations and fiduciaries,  
27 federal taxable income shall be increased by eighty-five percent

1 of any amount of any federal bonus depreciation received under  
2 the federal Job Creation and Worker Assistance Act of 2002 or the  
3 federal Jobs and Growth Tax Act of 2003, under section 168(k) or  
4 section 1400L of the Internal Revenue Code of 1986, as amended,  
5 for assets placed in service after September 10, 2001, and before  
6 December 31, 2005.

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

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

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

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

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

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

1           (b) Federal adjusted gross income shall be increased by  
2 the withdrawals made as a participant in the Nebraska long-term  
3 care savings plan under the act by a person who is not a qualified  
4 individual or for any reason other than transfer of funds to a  
5 spouse, long-term care expenses, long-term care insurance premiums,  
6 or death of the participant, including withdrawals made by reason  
7 of cancellation of the participation agreement or termination of  
8 the plan, to the extent previously deducted as a contribution or as  
9 investment earnings.

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

15           (13) An individual may make a one-time election within  
16 two calendar years after the date of his or her retirement from  
17 the military to exclude income received as a military retirement  
18 benefit by the individual to the extent included in federal  
19 adjusted gross income and as provided in this subsection. The  
20 individual may elect to exclude forty percent of his or her  
21 military retirement benefit income for seven consecutive taxable  
22 years beginning with the year in which the election is made or may  
23 elect to exclude fifteen percent of his or her military retirement  
24 benefit income for all taxable years beginning with the year in  
25 which he or she turns sixty-seven years of age. For purposes  
26 of this subsection, military retirement benefit means retirement  
27 benefits that are periodic payments attributable to service in



1 the uniformed services of the United States for personal services  
2 performed by an individual prior to his or her retirement.

3           Sec. 2. This act becomes operative for all taxable years  
4 beginning or deemed to begin on or after January 1, 2015, under the  
5 Internal Revenue Code of 1986, as amended.

6           Sec. 3. Original section 77-2716, Revised Statutes  
7 Supplement, 2013, is repealed.