

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.