

AMENDMENTS TO LB685

Introduced by Revenue.

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

3 Section 1. Sections 1 to 6 of this act shall be known and may be
4 cited as the Student Loan Repayment Tax Credit Act.

5 Sec. 2. For purposes of the Student Loan Repayment Tax Credit Act:

6 (1) Department means the Department of Revenue;

7 (2) Employer means any individual, partnership, limited liability
8 partnership, limited liability company, association, corporation,
9 business trust, legal representative, or other business entity that (a)
10 employs one or more qualified employees in this state, (b) is subject to
11 income tax under the Nebraska Revenue Act of 1967 or franchise tax under
12 sections 77-3801 to 77-3807, and (c) is physically located in this state;

13 (3) Postsecondary educational institution means a two-year or four-
14 year college or university which is a member institution of an
15 accrediting body recognized by the United States Department of Education;

16 (4) Qualified employee means an individual who:

17 (a) Is employed by the employer for at least four hundred eighty
18 hours in this state during the taxable year;

19 (b) Graduated or earned a certification from a postsecondary
20 educational institution; and

21 (c) Incurred a student loan while attending the postsecondary
22 educational institution; and

23 (5) Student loan means a student educational loan for higher
24 education expenses that is authorized by Title 20 of the United States
25 Code.

26 Sec. 3. (1) Any employer that repays student loan principal and
27 interest directly to the relevant lender or servicer of the loan on

1 behalf of a qualified employee of such employer may apply to the
2 department to receive a tax credit for such student loan repayment. The
3 amount of the credit shall be equal to fifty percent of the employer's
4 student loan repayment, up to a maximum credit of one thousand eight
5 hundred dollars for each qualified employee for whom student loan
6 repayments are made in any taxable year. An employer may earn such
7 credits for up to twenty qualified employees per taxable year. To be
8 eligible for such credits, an employer shall, pursuant to subsection (15)
9 of section 77-2716, add back to its federal adjusted gross income or, for
10 corporations and fiduciaries, federal taxable income amounts deducted
11 under the Internal Revenue Code for any student loan repayments for which
12 the taxpayer is claiming a credit under the Student Loan Repayment Tax
13 Credit Act.

14 (2) The credit allowed under this section shall be a nonrefundable
15 credit against the income tax imposed by the Nebraska Revenue Act of 1967
16 or the franchise tax imposed under sections 77-3801 to 77-3807. Such
17 credit shall be available for taxable years beginning or deemed to begin
18 on or after January 1, 2017, and before January 1, 2022, under the
19 Internal Revenue Code of 1986, as amended.

20 (3) Beginning January 1, 2017, employers may apply for the credits
21 allowed under this section by submitting an application, on a form
22 prescribed by the department, containing the following information:

23 (a) The name and address of the employer;

24 (b) The total number of employees;

25 (c) The number of qualified employees for whom student loan
26 repayments will be made in the taxable year for which a credit is sought;

27 (d) The amount of the student loan repayment anticipated to be made
28 for each such qualified employee;

29 (e) The total amount of credits sought under this section for such
30 taxable year; and

31 (f) Any other documentation required by the department.

1 (4) Subject to subsection (5) of this section, if the department
2 determines that the employer qualifies for tax credits under this
3 section, it shall approve the application and certify the amount of
4 credits approved to the employer.

5 (5) The department shall consider applications in the order in which
6 they are received and may approve up to one million five hundred thousand
7 dollars in tax credits under this section in any taxable year. At least
8 twenty-five percent of the credits approved in any taxable year must go
9 to employers that have no more than thirty employees or that are located
10 in a city of the first class, a city of the second class, or a village in
11 this state.

12 Sec. 4. (1) An employer shall claim the tax credit by attaching the
13 tax credit certification received from the department under section 3 of
14 this act to the employer's tax return for the taxable year.

15 (2) Any unused credits may be carried forward to subsequent tax
16 years until fully utilized.

17 (3) If the department determines that the employer failed to make
18 the student loan repayments for which tax credits were certified under
19 section 3 of this act, the department shall recapture all or a portion of
20 such credits. Such recapture shall be allowed for a period of three years
21 after the end of the taxable year for which the credits were claimed.

22 Sec. 5. (1) On or before July 1, 2018, and on or before July 1 of
23 each year thereafter, the department shall submit a report to the
24 Governor and shall electronically submit a report to the Legislature on
25 the Student Loan Repayment Tax Credit Act. The report shall include the
26 following:

27 (a) The total number of employers receiving tax credits under the
28 act;

29 (b) The total amount of student loan repayments made on behalf of
30 qualified employees;

31 (c) The total amount of tax credits claimed by employers under the

1 act;

2 (d) The total number of qualified employees for whom student loan
3 repayments have been made; and

4 (e) Of the total amount of qualified employees reported under
5 subdivision (1)(d) of this section, the number of such employees who, as
6 of the most recently completed taxable year, pay income taxes to the
7 State of Nebraska.

8 (2) The department may request information from employers as
9 necessary to fulfill the requirements of this section.

10 Sec. 6. The department may adopt and promulgate rules and
11 regulations to carry out the Student Loan Repayment Tax Credit Act.

12 Sec. 7. Section 77-2715.07, Revised Statutes Supplement, 2015, is
13 amended to read:

14 77-2715.07 (1) There shall be allowed to qualified resident
15 individuals as a nonrefundable credit against the income tax imposed by
16 the Nebraska Revenue Act of 1967:

17 (a) A credit equal to the federal credit allowed under section 22 of
18 the Internal Revenue Code; and

19 (b) A credit for taxes paid to another state as provided in section
20 77-2730.

21 (2) There shall be allowed to qualified resident individuals against
22 the income tax imposed by the Nebraska Revenue Act of 1967:

23 (a) For returns filed reporting federal adjusted gross incomes of
24 greater than twenty-nine thousand dollars, a nonrefundable credit equal
25 to twenty-five percent of the federal credit allowed under section 21 of
26 the Internal Revenue Code of 1986, as amended, except that for taxable
27 years beginning or deemed to begin on or after January 1, 2015, such
28 nonrefundable credit shall be allowed only if the individual would have
29 received the federal credit allowed under section 21 of the code after
30 adding back in any carryforward of a net operating loss that was deducted
31 pursuant to such section in determining eligibility for the federal

1 credit;

2 (b) For returns filed reporting federal adjusted gross income of
3 twenty-nine thousand dollars or less, a refundable credit equal to a
4 percentage of the federal credit allowable under section 21 of the
5 Internal Revenue Code of 1986, as amended, whether or not the federal
6 credit was limited by the federal tax liability. The percentage of the
7 federal credit shall be one hundred percent for incomes not greater than
8 twenty-two thousand dollars, and the percentage shall be reduced by ten
9 percent for each one thousand dollars, or fraction thereof, by which the
10 reported federal adjusted gross income exceeds twenty-two thousand
11 dollars, except that for taxable years beginning or deemed to begin on or
12 after January 1, 2015, such refundable credit shall be allowed only if
13 the individual would have received the federal credit allowed under
14 section 21 of the code after adding back in any carryforward of a net
15 operating loss that was deducted pursuant to such section in determining
16 eligibility for the federal credit;

17 (c) A refundable credit as provided in section 77-5209.01 for
18 individuals who qualify for an income tax credit as a qualified beginning
19 farmer or livestock producer under the Beginning Farmer Tax Credit Act
20 for all taxable years beginning or deemed to begin on or after January 1,
21 2006, under the Internal Revenue Code of 1986, as amended;

22 (d) A refundable credit for individuals who qualify for an income
23 tax credit under the Angel Investment Tax Credit Act, the Nebraska
24 Advantage Microenterprise Tax Credit Act, or the Nebraska Advantage
25 Research and Development Act; and

26 (e) A refundable credit equal to ten percent of the federal credit
27 allowed under section 32 of the Internal Revenue Code of 1986, as
28 amended, except that for taxable years beginning or deemed to begin on or
29 after January 1, 2015, such refundable credit shall be allowed only if
30 the individual would have received the federal credit allowed under
31 section 32 of the code after adding back in any carryforward of a net

1 operating loss that was deducted pursuant to such section in determining
2 eligibility for the federal credit.

3 (3) There shall be allowed to all individuals as a nonrefundable
4 credit against the income tax imposed by the Nebraska Revenue Act of
5 1967:

6 (a) A credit for personal exemptions allowed under section
7 77-2716.01;

8 (b) A credit for contributions to certified community betterment
9 programs as provided in the Community Development Assistance Act. Each
10 partner, each shareholder of an electing subchapter S corporation, each
11 beneficiary of an estate or trust, or each member of a limited liability
12 company shall report his or her share of the credit in the same manner
13 and proportion as he or she reports the partnership, subchapter S
14 corporation, estate, trust, or limited liability company income;

15 (c) A credit for investment in a biodiesel facility as provided in
16 section 77-27,236;

17 (d) A credit as provided in the New Markets Job Growth Investment
18 Act; ~~and~~

19 (e) A credit as provided in the Nebraska Job Creation and Mainstreet
20 Revitalization Act; and -

21 (f) A credit as provided in the Student Loan Repayment Tax Credit
22 Act.

23 (4) There shall be allowed as a credit against the income tax
24 imposed by the Nebraska Revenue Act of 1967:

25 (a) A credit to all resident estates and trusts for taxes paid to
26 another state as provided in section 77-2730;

27 (b) A credit to all estates and trusts for contributions to
28 certified community betterment programs as provided in the Community
29 Development Assistance Act; and

30 (c) A refundable credit for individuals who qualify for an income
31 tax credit as an owner of agricultural assets under the Beginning Farmer

1 Tax Credit Act for all taxable years beginning or deemed to begin on or
2 after January 1, 2009, under the Internal Revenue Code of 1986, as
3 amended. The credit allowed for each partner, shareholder, member, or
4 beneficiary of a partnership, corporation, limited liability company, or
5 estate or trust qualifying for an income tax credit as an owner of
6 agricultural assets under the Beginning Farmer Tax Credit Act shall be
7 equal to the partner's, shareholder's, member's, or beneficiary's portion
8 of the amount of tax credit distributed pursuant to subsection (4) of
9 section 77-5211.

10 (5)(a) For all taxable years beginning on or after January 1, 2007,
11 and before January 1, 2009, under the Internal Revenue Code of 1986, as
12 amended, there shall be allowed to each partner, shareholder, member, or
13 beneficiary of a partnership, subchapter S corporation, limited liability
14 company, or estate or trust a nonrefundable credit against the income tax
15 imposed by the Nebraska Revenue Act of 1967 equal to fifty percent of the
16 partner's, shareholder's, member's, or beneficiary's portion of the
17 amount of franchise tax paid to the state under sections 77-3801 to
18 77-3807 by a financial institution.

19 (b) For all taxable years beginning on or after January 1, 2009,
20 under the Internal Revenue Code of 1986, as amended, there shall be
21 allowed to each partner, shareholder, member, or beneficiary of a
22 partnership, subchapter S corporation, limited liability company, or
23 estate or trust a nonrefundable credit against the income tax imposed by
24 the Nebraska Revenue Act of 1967 equal to the partner's, shareholder's,
25 member's, or beneficiary's portion of the amount of franchise tax paid to
26 the state under sections 77-3801 to 77-3807 by a financial institution.

27 (c) Each partner, shareholder, member, or beneficiary shall report
28 his or her share of the credit in the same manner and proportion as he or
29 she reports the partnership, subchapter S corporation, limited liability
30 company, or estate or trust income. If any partner, shareholder, member,
31 or beneficiary cannot fully utilize the credit for that year, the credit

1 may not be carried forward or back.

2 Sec. 8. Section 77-2716, Revised Statutes Supplement, 2015, is
3 amended to read:

4 77-2716 (1) The following adjustments to federal adjusted gross
5 income or, for corporations and fiduciaries, federal taxable income shall
6 be made for interest or dividends received:

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

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

18 (c) There shall be added interest or dividends received by the owner
19 of obligations of the District of Columbia, other states of the United
20 States, or their political subdivisions, authorities, commissions, or
21 instrumentalities to the extent excluded in the computation of gross
22 income for federal income tax purposes except that such interest or
23 dividends shall not be added if received by a corporation which is a
24 regulated investment company;

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

30 (e)(i) Any amount subtracted under this subsection shall be reduced
31 by any interest on indebtedness incurred to carry the obligations or

1 securities described in this subsection or the investment in the
2 regulated investment company and by any expenses incurred in the
3 production of interest or dividend income described in this subsection to
4 the extent that such expenses, including amortizable bond premiums, are
5 deductible in determining federal taxable income.

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

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

21 (3) There shall be subtracted from federal adjusted gross income for
22 all taxable years beginning on or after January 1, 1987, the amount of
23 any state income tax refund to the extent such refund was deducted under
24 the Internal Revenue Code, was not allowed in the computation of the tax
25 due under the Nebraska Revenue Act of 1967, and is included in federal
26 adjusted gross income.

27 (4) Federal adjusted gross income, or, for a fiduciary, federal
28 taxable income shall be modified to exclude the portion of the income or
29 loss received from a small business corporation with an election in
30 effect under subchapter S of the Internal Revenue Code or from a limited
31 liability company organized pursuant to the Nebraska Uniform Limited

1 Liability Company Act that is not derived from or connected with Nebraska
2 sources as determined in section 77-2734.01.

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

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

14 (a) The amount of federal taxable income from operations within a
15 foreign taxing jurisdiction shall be reduced by the amount of taxes
16 actually paid to the foreign jurisdiction that are not deductible solely
17 because the foreign tax credit was elected on the federal income tax
18 return;

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

21 (c) The result of the calculation in subdivision (b) of this
22 subsection shall be subtracted from the amount of federal taxable income
23 used in subdivision (a) of this subsection. The result of such
24 calculation, if greater than zero, shall be subtracted from federal
25 taxable income.

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

29 (8)(a) Federal adjusted gross income or, for corporations and
30 fiduciaries, federal taxable income shall be reduced, to the extent
31 included, by income from interest, earnings, and state contributions

1 received from the Nebraska educational savings plan trust created in
2 sections 85-1801 to 85-1814 and the achieving a better life experience
3 program as provided in sections 77-1401 to 77-1409.

4 (b) Federal adjusted gross income or, for corporations and
5 fiduciaries, federal taxable income shall be reduced by any contributions
6 as a participant in the Nebraska educational savings plan trust or in the
7 achieving a better life experience program as provided in sections
8 77-1401 to 77-1409, to the extent not deducted for federal income tax
9 purposes, but not to exceed five thousand dollars per married filing
10 separate return or ten thousand dollars for any other return. With
11 respect to a qualified rollover within the meaning of section 529 of the
12 Internal Revenue Code from another state's plan, any interest, earnings,
13 and state contributions received from the other state's educational
14 savings plan which is qualified under section 529 of the code shall
15 qualify for the reduction provided in this subdivision. For contributions
16 by a custodian of a custodial account including rollovers from another
17 custodial account, the reduction shall only apply to funds added to the
18 custodial account after January 1, 2014.

19 (c) Federal adjusted gross income or, for corporations and
20 fiduciaries, federal taxable income shall be increased by the amount
21 resulting from the cancellation of a participation agreement refunded to
22 the taxpayer as a participant in the Nebraska educational savings plan
23 trust to the extent previously deducted as a contribution to the trust or
24 in the achieving a better life experience program as provided in sections
25 77-1401 to 77-1409, if applicable.

26 (9)(a) For income tax returns filed after September 10, 2001, for
27 taxable years beginning or deemed to begin before January 1, 2006, under
28 the Internal Revenue Code of 1986, as amended, federal adjusted gross
29 income or, for corporations and fiduciaries, federal taxable income shall
30 be increased by eighty-five percent of any amount of any federal bonus
31 depreciation received under the federal Job Creation and Worker

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

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

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

16 (d) The amount of bonus depreciation added to federal adjusted gross
17 income or, for corporations and fiduciaries, federal taxable income by
18 this subsection shall be subtracted in a later taxable year. Twenty
19 percent of the total amount of bonus depreciation added back by this
20 subsection for tax years beginning or deemed to begin before January 1,
21 2003, under the Internal Revenue Code of 1986, as amended, may be
22 subtracted in the first taxable year beginning or deemed to begin on or
23 after January 1, 2005, under the Internal Revenue Code of 1986, as
24 amended, and twenty percent in each of the next four following taxable
25 years. Twenty percent of the total amount of bonus depreciation added
26 back by this subsection for tax years beginning or deemed to begin on or
27 after January 1, 2003, may be subtracted in the first taxable year
28 beginning or deemed to begin on or after January 1, 2006, under the
29 Internal Revenue Code of 1986, as amended, and twenty percent in each of
30 the next four following taxable years.

31 (10) For taxable years beginning or deemed to begin on or after

1 January 1, 2003, and before January 1, 2006, under the Internal Revenue
2 Code of 1986, as amended, federal adjusted gross income or, for
3 corporations and fiduciaries, federal taxable income shall be increased
4 by the amount of any capital investment that is expensed under section
5 179 of the Internal Revenue Code of 1986, as amended, that is in excess
6 of twenty-five thousand dollars that is allowed under the federal Jobs
7 and Growth Tax Act of 2003. Twenty percent of the total amount of
8 expensing added back by this subsection for tax years beginning or deemed
9 to begin on or after January 1, 2003, may be subtracted in the first
10 taxable year beginning or deemed to begin on or after January 1, 2006,
11 under the Internal Revenue Code of 1986, as amended, and twenty percent
12 in each of the next four following tax years.

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

19 (b) Federal adjusted gross income shall be increased by the
20 withdrawals made as a participant in the Nebraska long-term care savings
21 plan under the act by a person who is not a qualified individual or for
22 any reason other than transfer of funds to a spouse, long-term care
23 expenses, long-term care insurance premiums, or death of the participant,
24 including withdrawals made by reason of cancellation of the participation
25 agreement or termination of the plan, to the extent previously deducted
26 as a contribution or as investment earnings.

27 (12) There shall be added to federal adjusted gross income for
28 individuals, estates, and trusts any amount taken as a credit for
29 franchise tax paid by a financial institution under sections 77-3801 to
30 77-3807 as allowed by subsection (5) of section 77-2715.07.

31 (13) For taxable years beginning or deemed to begin on or after

1 January 1, 2015, under the Internal Revenue Code of 1986, as amended,
2 federal adjusted gross income shall be reduced by the amount received as
3 benefits under the federal Social Security Act which are included in the
4 federal adjusted gross income if:

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

7 (b) For taxpayers filing any other return, federal adjusted gross
8 income is forty-three thousand dollars or less.

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

25 (15) Federal adjusted gross income or, for corporations and
26 fiduciaries, federal taxable income shall be increased by the amount of
27 deductions taken under the Internal Revenue Code for any student loan
28 repayments for which the taxpayer is claiming a credit under the Student
29 Loan Repayment Tax Credit Act.

30 Sec. 9. Section 77-2717, Revised Statutes Cumulative Supplement,
31 2014, is amended to read:

1 77-2717 (1)(a)(i) For taxable years beginning or deemed to begin
2 before January 1, 2014, the tax imposed on all resident estates and
3 trusts shall be a percentage of the federal taxable income of such
4 estates and trusts as modified in section 77-2716, plus a percentage of
5 the federal alternative minimum tax and the federal tax on premature or
6 lump-sum distributions from qualified retirement plans. The additional
7 taxes shall be recomputed by (A) substituting Nebraska taxable income for
8 federal taxable income, (B) calculating what the federal alternative
9 minimum tax would be on Nebraska taxable income and adjusting such
10 calculations for any items which are reflected differently in the
11 determination of federal taxable income, and (C) applying Nebraska rates
12 to the result. The federal credit for prior year minimum tax, after the
13 recomputations required by the Nebraska Revenue Act of 1967, and the
14 credits provided in the Nebraska Advantage Microenterprise Tax Credit Act
15 and the Nebraska Advantage Research and Development Act shall be allowed
16 as a reduction in the income tax due. A refundable income tax credit
17 shall be allowed for all resident estates and trusts under the Angel
18 Investment Tax Credit Act, the Nebraska Advantage Microenterprise Tax
19 Credit Act, and the Nebraska Advantage Research and Development Act. A
20 nonrefundable income tax credit shall be allowed for all resident estates
21 and trusts as provided in the New Markets Job Growth Investment Act.

22 (ii) For taxable years beginning or deemed to begin on or after
23 January 1, 2014, the tax imposed on all resident estates and trusts shall
24 be a percentage of the federal taxable income of such estates and trusts
25 as modified in section 77-2716, plus a percentage of the federal tax on
26 premature or lump-sum distributions from qualified retirement plans. The
27 additional taxes shall be recomputed by substituting Nebraska taxable
28 income for federal taxable income and applying Nebraska rates to the
29 result. The credits provided in the Nebraska Advantage Microenterprise
30 Tax Credit Act and the Nebraska Advantage Research and Development Act
31 shall be allowed as a reduction in the income tax due. A refundable

1 income tax credit shall be allowed for all resident estates and trusts
2 under the Angel Investment Tax Credit Act, the Nebraska Advantage
3 Microenterprise Tax Credit Act, and the Nebraska Advantage Research and
4 Development Act. A nonrefundable income tax credit shall be allowed for
5 all resident estates and trusts as provided in the Nebraska Job Creation
6 and Mainstreet Revitalization Act, ~~and~~ the New Markets Job Growth
7 Investment Act, and the Student Loan Repayment Tax Credit Act.

8 (b) The tax imposed on all nonresident estates and trusts shall be
9 the portion of the tax imposed on resident estates and trusts which is
10 attributable to the income derived from sources within this state. The
11 tax which is attributable to income derived from sources within this
12 state shall be determined by multiplying the liability to this state for
13 a resident estate or trust with the same total income by a fraction, the
14 numerator of which is the nonresident estate's or trust's Nebraska income
15 as determined by sections 77-2724 and 77-2725 and the denominator of
16 which is its total federal income after first adjusting each by the
17 amounts provided in section 77-2716. The federal credit for prior year
18 minimum tax, after the recomputations required by the Nebraska Revenue
19 Act of 1967, reduced by the percentage of the total income which is
20 attributable to income from sources outside this state, and the credits
21 provided in the Nebraska Advantage Microenterprise Tax Credit Act and the
22 Nebraska Advantage Research and Development Act shall be allowed as a
23 reduction in the income tax due. A refundable income tax credit shall be
24 allowed for all nonresident estates and trusts under the Angel Investment
25 Tax Credit Act, the Nebraska Advantage Microenterprise Tax Credit Act,
26 and the Nebraska Advantage Research and Development Act. A nonrefundable
27 income tax credit shall be allowed for all nonresident estates and trusts
28 as provided in the Nebraska Job Creation and Mainstreet Revitalization
29 Act, ~~and~~ the New Markets Job Growth Investment Act, and the Student Loan
30 Repayment Tax Credit Act.

31 (2) In all instances wherein a fiduciary income tax return is

1 required under the provisions of the Internal Revenue Code, a Nebraska
2 fiduciary return shall be filed, except that a fiduciary return shall not
3 be required to be filed regarding a simple trust if all of the trust's
4 beneficiaries are residents of the State of Nebraska, all of the trust's
5 income is derived from sources in this state, and the trust has no
6 federal tax liability. The fiduciary shall be responsible for making the
7 return for the estate or trust for which he or she acts, whether the
8 income be taxable to the estate or trust or to the beneficiaries thereof.
9 The fiduciary shall include in the return a statement of each
10 beneficiary's distributive share of net income when such income is
11 taxable to such beneficiaries.

12 (3) The beneficiaries of such estate or trust who are residents of
13 this state shall include in their income their proportionate share of
14 such estate's or trust's federal income and shall reduce their Nebraska
15 tax liability by their proportionate share of the credits as provided in
16 the Angel Investment Tax Credit Act, the Nebraska Advantage
17 Microenterprise Tax Credit Act, the Nebraska Advantage Research and
18 Development Act, the Nebraska Job Creation and Mainstreet Revitalization
19 Act, ~~and~~ the New Markets Job Growth Investment Act, and the Student Loan
20 Repayment Tax Credit Act. There shall be allowed to a beneficiary a
21 refundable income tax credit under the Beginning Farmer Tax Credit Act
22 for all taxable years beginning or deemed to begin on or after January 1,
23 2001, under the Internal Revenue Code of 1986, as amended.

24 (4) If any beneficiary of such estate or trust is a nonresident
25 during any part of the estate's or trust's taxable year, he or she shall
26 file a Nebraska income tax return which shall include (a) in Nebraska
27 adjusted gross income that portion of the estate's or trust's Nebraska
28 income, as determined under sections 77-2724 and 77-2725, allocable to
29 his or her interest in the estate or trust and (b) a reduction of the
30 Nebraska tax liability by his or her proportionate share of the credits
31 as provided in the Angel Investment Tax Credit Act, the Nebraska

1 Advantage Microenterprise Tax Credit Act, the Nebraska Advantage Research
2 and Development Act, the Nebraska Job Creation and Mainstreet
3 Revitalization Act, ~~and~~ the New Markets Job Growth Investment Act, and
4 the Student Loan Repayment Tax Credit Act and shall execute and forward
5 to the fiduciary, on or before the original due date of the Nebraska
6 fiduciary return, an agreement which states that he or she will file a
7 Nebraska income tax return and pay income tax on all income derived from
8 or connected with sources in this state, and such agreement shall be
9 attached to the Nebraska fiduciary return for such taxable year.

10 (5) In the absence of the nonresident beneficiary's executed
11 agreement being attached to the Nebraska fiduciary return, the estate or
12 trust shall remit a portion of such beneficiary's income which was
13 derived from or attributable to Nebraska sources with its Nebraska return
14 for the taxable year. For taxable years beginning or deemed to begin
15 before January 1, 2013, the amount of remittance, in such instance, shall
16 be the highest individual income tax rate determined under section
17 77-2715.02 multiplied by the nonresident beneficiary's share of the
18 estate or trust income which was derived from or attributable to sources
19 within this state. For taxable years beginning or deemed to begin on or
20 after January 1, 2013, the amount of remittance, in such instance, shall
21 be the highest individual income tax rate determined under section
22 77-2715.03 multiplied by the nonresident beneficiary's share of the
23 estate or trust income which was derived from or attributable to sources
24 within this state. The amount remitted shall be allowed as a credit
25 against the Nebraska income tax liability of the beneficiary.

26 (6) The Tax Commissioner may allow a nonresident beneficiary to not
27 file a Nebraska income tax return if the nonresident beneficiary's only
28 source of Nebraska income was his or her share of the estate's or trust's
29 income which was derived from or attributable to sources within this
30 state, the nonresident did not file an agreement to file a Nebraska
31 income tax return, and the estate or trust has remitted the amount

1 required by subsection (5) of this section on behalf of such nonresident
2 beneficiary. The amount remitted shall be retained in satisfaction of the
3 Nebraska income tax liability of the nonresident beneficiary.

4 (7) For purposes of this section, unless the context otherwise
5 requires, simple trust shall mean any trust instrument which (a) requires
6 that all income shall be distributed currently to the beneficiaries, (b)
7 does not allow amounts to be paid, permanently set aside, or used in the
8 tax year for charitable purposes, and (c) does not distribute amounts
9 allocated in the corpus of the trust. Any trust which does not qualify as
10 a simple trust shall be deemed a complex trust.

11 (8) For purposes of this section, any beneficiary of an estate or
12 trust that is a grantor trust of a nonresident shall be disregarded and
13 this section shall apply as though the nonresident grantor was the
14 beneficiary.

15 Sec. 10. Section 77-2734.03, Revised Statutes Cumulative Supplement,
16 2014, is amended to read:

17 77-2734.03 (1)(a) For taxable years commencing prior to January 1,
18 1997, any (i) insurer paying a tax on premiums and assessments pursuant
19 to section 77-908 or 81-523, (ii) electric cooperative organized under
20 the Joint Public Power Authority Act, or (iii) credit union shall be
21 credited, in the computation of the tax due under the Nebraska Revenue
22 Act of 1967, with the amount paid during the taxable year as taxes on
23 such premiums and assessments and taxes in lieu of intangible tax.

24 (b) For taxable years commencing on or after January 1, 1997, any
25 insurer paying a tax on premiums and assessments pursuant to section
26 77-908 or 81-523, any electric cooperative organized under the Joint
27 Public Power Authority Act, or any credit union shall be credited, in the
28 computation of the tax due under the Nebraska Revenue Act of 1967, with
29 the amount paid during the taxable year as (i) taxes on such premiums and
30 assessments included as Nebraska premiums and assessments under section
31 77-2734.05 and (ii) taxes in lieu of intangible tax.

1 (c) For taxable years commencing or deemed to commence prior to, on,
2 or after January 1, 1998, any insurer paying a tax on premiums and
3 assessments pursuant to section 77-908 or 81-523 shall be credited, in
4 the computation of the tax due under the Nebraska Revenue Act of 1967,
5 with the amount paid during the taxable year as assessments allowed as an
6 offset against premium and related retaliatory tax liability pursuant to
7 section 44-4233.

8 (2) There shall be allowed to corporate taxpayers a tax credit for
9 contributions to community betterment programs as provided in the
10 Community Development Assistance Act.

11 (3) There shall be allowed to corporate taxpayers a refundable
12 income tax credit under the Beginning Farmer Tax Credit Act for all
13 taxable years beginning or deemed to begin on or after January 1, 2001,
14 under the Internal Revenue Code of 1986, as amended.

15 (4) The changes made to this section by Laws 2004, LB 983, apply to
16 motor fuels purchased during any tax year ending or deemed to end on or
17 after January 1, 2005, under the Internal Revenue Code of 1986, as
18 amended.

19 (5) There shall be allowed to corporate taxpayers refundable income
20 tax credits under the Nebraska Advantage Microenterprise Tax Credit Act
21 and the Nebraska Advantage Research and Development Act.

22 (6) There shall be allowed to corporate taxpayers a nonrefundable
23 income tax credit for investment in a biodiesel facility as provided in
24 section 77-27,236.

25 (7) There shall be allowed to corporate taxpayers a nonrefundable
26 income tax credit as provided in the Nebraska Job Creation and Mainstreet
27 Revitalization Act, ~~and~~ the New Markets Job Growth Investment Act, ~~and~~
28 the Student Loan Repayment Tax Credit Act.

29 Sec. 11. Section 77-3806, Revised Statutes Cumulative Supplement,
30 2014, is amended to read:

31 77-3806 (1) The tax return shall be filed and the total amount of

1 the franchise tax shall be due on the fifteenth day of the third month
2 after the end of the taxable year. No extension of time to pay the tax
3 shall be granted. If the Tax Commissioner determines that the amount of
4 tax can be computed from available information filed by the financial
5 institutions with either state or federal regulatory agencies, the Tax
6 Commissioner may, by regulation, waive the requirement for the financial
7 institutions to file returns.

8 (2) Sections 77-2714 to 77-27,135 relating to deficiencies,
9 penalties, interest, the collection of delinquent amounts, and appeal
10 procedures for the tax imposed by section 77-2734.02 shall also apply to
11 the tax imposed by section 77-3802. If the filing of a return is waived
12 by the Tax Commissioner, the payment of the tax shall be considered the
13 filing of a return for purposes of sections 77-2714 to 77-27,135.

14 (3) No refund of the tax imposed by section 77-3802 shall be allowed
15 unless a claim for such refund is filed within ninety days of the date on
16 which (a) the tax is due or was paid, whichever is later, or (b) a change
17 is made to the amount of deposits or the net financial income of the
18 financial institution by a state or federal regulatory agency.

19 (4) Any such financial institution shall receive a credit on the
20 franchise tax as provided under the Community Development Assistance Act,
21 the Nebraska Job Creation and Mainstreet Revitalization Act, ~~and~~ the New
22 Markets Job Growth Investment Act, and the Student Loan Repayment Tax
23 Credit Act.

24 Sec. 12. Original sections 77-2717, 77-2734.03, and 77-3806,
25 Revised Statutes Cumulative Supplement, 2014, and sections 77-2715.07 and
26 77-2716, Revised Statutes Supplement, 2015, are repealed.