

AMENDMENTS TO LB889

(Amendments to Standing Committee amendments, AM2490)

Introduced by Bolz, 29.

1 1. Insert the following new sections:

2 Sec. 8. Sections 8 to 13 of this act shall be known and may be
3 cited as the Student Loan Repayment Tax Credit Act.

4 Sec. 9. For purposes of the Student Loan Repayment Tax Credit Act:

5 (1) Department means the Department of Revenue;

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

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

15 (4) Qualified employee means an individual who:

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

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

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

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

25 Sec. 10. (1) Any employer that repays student loan principal and
26 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. 11. (1) An employer shall claim the tax credit by attaching
13 the tax credit certification received from the department under section
14 10 of 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 10 of this act, the department shall recapture all or a portion
20 of such credits. Such recapture shall be allowed for a period of three
21 years after the end of the taxable year for which the credits were
22 claimed.

23 Sec. 12. (1) On or before July 1, 2018, and on or before July 1 of
24 each year thereafter, the department shall submit a report to the
25 Governor and shall electronically submit a report to the Legislature on
26 the Student Loan Repayment Tax Credit Act. The report shall include the
27 following:

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

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

1 (c) The total amount of tax credits claimed by employers under the
2 act;

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

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

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

11 Sec. 13. The department may adopt and promulgate rules and
12 regulations to carry out the Student Loan Repayment Tax Credit Act.

13 Sec. 17. Section 77-2716, Revised Statutes Supplement, 2015, is
14 amended to read:

15 77-2716 (1) The following adjustments to federal adjusted gross
16 income or, for corporations and fiduciaries, federal taxable income shall
17 be made for interest or dividends received:

18 (a) There shall be subtracted interest or dividends received by the
19 owner of obligations of the United States and its territories and
20 possessions or of any authority, commission, or instrumentality of the
21 United States to the extent includable in gross income for federal income
22 tax purposes but exempt from state income taxes under the laws of the
23 United States;

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

29 (c) There shall be added interest or dividends received by the owner
30 of obligations of the District of Columbia, other states of the United
31 States, or their political subdivisions, authorities, commissions, or

1 instrumentalities to the extent excluded in the computation of gross
2 income for federal income tax purposes except that such interest or
3 dividends shall not be added if received by a corporation which is a
4 regulated investment company;

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

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

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

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

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

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

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

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

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

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

1 (c) The result of the calculation in subdivision (b) of this
2 subsection shall be subtracted from the amount of federal taxable income
3 used in subdivision (a) of this subsection. The result of such
4 calculation, if greater than zero, shall be subtracted from federal
5 taxable income.

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

9 (8)(a) Federal adjusted gross income or, for corporations and
10 fiduciaries, federal taxable income shall be reduced, to the extent
11 included, by income from interest, earnings, and state contributions
12 received from the Nebraska educational savings plan trust created in
13 sections 85-1801 to 85-1814 and the achieving a better life experience
14 program as provided in sections 77-1401 to 77-1409.

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

30 (c) Federal adjusted gross income or, for corporations and
31 fiduciaries, federal taxable income shall be increased by the amount

1 resulting from the cancellation of a participation agreement refunded to
2 the taxpayer as a participant in the Nebraska educational savings plan
3 trust to the extent previously deducted as a contribution to the trust or
4 in the achieving a better life experience program as provided in sections
5 77-1401 to 77-1409, if applicable.

6 (9)(a) For income tax returns filed after September 10, 2001, for
7 taxable years beginning or deemed to begin before January 1, 2006, under
8 the Internal Revenue Code of 1986, as amended, federal adjusted gross
9 income or, for corporations and fiduciaries, federal taxable income shall
10 be increased by eighty-five percent of any amount of any federal bonus
11 depreciation received under the federal Job Creation and Worker
12 Assistance Act of 2002 or the federal Jobs and Growth Tax Act of 2003,
13 under section 168(k) or section 1400L of the Internal Revenue Code of
14 1986, as amended, for assets placed in service after September 10, 2001,
15 and before December 31, 2005.

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

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

27 (d) The amount of bonus depreciation added to federal adjusted gross
28 income or, for corporations and fiduciaries, federal taxable income by
29 this subsection shall be subtracted in a later taxable year. Twenty
30 percent of the total amount of bonus depreciation added back by this
31 subsection for tax years beginning or deemed to begin before January 1,

1 2003, under the Internal Revenue Code of 1986, as amended, may be
2 subtracted in the first taxable year beginning or deemed to begin on or
3 after January 1, 2005, under the Internal Revenue Code of 1986, as
4 amended, and twenty percent in each of the next four following taxable
5 years. Twenty percent of the total amount of bonus depreciation added
6 back by this subsection for tax years beginning or deemed to begin on or
7 after January 1, 2003, may be subtracted in the first taxable year
8 beginning or deemed to begin on or after January 1, 2006, under the
9 Internal Revenue Code of 1986, as amended, and twenty percent in each of
10 the next four following taxable years.

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

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

30 (b) Federal adjusted gross income shall be increased by the
31 withdrawals made as a participant in the Nebraska long-term care savings

1 plan under the act by a person who is not a qualified individual or for
2 any reason other than transfer of funds to a spouse, long-term care
3 expenses, long-term care insurance premiums, or death of the participant,
4 including withdrawals made by reason of cancellation of the participation
5 agreement or termination of the plan, to the extent previously deducted
6 as a contribution or as investment earnings.

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

11 (13) For taxable years beginning or deemed to begin on or after
12 January 1, 2015, under the Internal Revenue Code of 1986, as amended,
13 federal adjusted gross income shall be reduced by the amount received as
14 benefits under the federal Social Security Act which are included in the
15 federal adjusted gross income if:

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

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

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

1 retirement benefit means retirement benefits that are periodic payments
2 attributable to service in the uniformed services of the United States
3 for personal services performed by an individual prior to his or her
4 retirement.

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

10 Sec. 20. Section 77-3806, Revised Statutes Cumulative Supplement,
11 2014, is amended to read:

12 77-3806 (1) The tax return shall be filed and the total amount of
13 the franchise tax shall be due on the fifteenth day of the third month
14 after the end of the taxable year. No extension of time to pay the tax
15 shall be granted. If the Tax Commissioner determines that the amount of
16 tax can be computed from available information filed by the financial
17 institutions with either state or federal regulatory agencies, the Tax
18 Commissioner may, by regulation, waive the requirement for the financial
19 institutions to file returns.

20 (2) Sections 77-2714 to 77-27,135 relating to deficiencies,
21 penalties, interest, the collection of delinquent amounts, and appeal
22 procedures for the tax imposed by section 77-2734.02 shall also apply to
23 the tax imposed by section 77-3802. If the filing of a return is waived
24 by the Tax Commissioner, the payment of the tax shall be considered the
25 filing of a return for purposes of sections 77-2714 to 77-27,135.

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

31 (4) Any such financial institution shall receive a credit on the

1 franchise tax as provided under the Community Development Assistance Act,
2 the Nebraska Job Creation and Mainstreet Revitalization Act, ~~and~~ the New
3 Markets Job Growth Investment Act, and the Student Loan Repayment Tax
4 Credit Act.

5 2. On page 9, line 11, strike "and" and show as stricken; in line 13
6 strike the period, show as stricken, and insert "; and"; and after line
7 13 insert the following new subdivision:

8 "(f) A credit as provided in the Student Loan Repayment Tax Credit
9 Act."

10 3. On page 12, line 6, strike "and" and after "Act" insert ", and
11 the Student Loan Repayment Tax Credit Act"; in line 28 strike "and"; and
12 in line 29 after "Act" insert ", and the Student Loan Repayment Tax
13 Credit Act".

14 4. On page 13, line 18, strike "and"; and in line 19 after "Act"
15 insert ", and the Student Loan Repayment Tax Credit Act".

16 5. On page 14, line 2, strike "and"; and in line 3 after "Act"
17 insert ", and the Student Loan Repayment Tax Credit Act".

18 6. On page 16, line 26, strike "and"; and in line 27 after "Act"
19 insert ", and the Student Loan Repayment Tax Credit Act".

20 7. Renumber the remaining sections and correct the repealer
21 accordingly.