

LEGISLATURE OF NEBRASKA
ONE HUNDRED SEVENTH LEGISLATURE
SECOND SESSION

LEGISLATIVE BILL 945

Introduced by Linehan, 39.

Read first time January 10, 2022

Committee: Education

1 A BILL FOR AN ACT relating to teachers; to amend section 77-2716, Revised
2 Statutes Supplement, 2021; to adopt the Teach in Nebraska Today Act;
3 to provide for student loan repayment assistance; to provide an
4 income tax deduction as prescribed; to appropriate funds to aid in
5 carrying out the provisions of this legislative bill; and to repeal
6 the original section.

7 Be it enacted by the people of the State of Nebraska,

1 Section 1. Sections 1 to 7 of this act shall be known and may be
2 cited as the Teach in Nebraska Today Act.

3 Sec. 2. For purposes of the Teach in Nebraska Today Act:

4 (1) Certified educator means a person who has completed all the
5 requirements for a teaching certificate in the State of Nebraska,
6 including an initial, standard, or professional certificate;

7 (2) Department means the State Department of Education;

8 (3) Fiscal year means the fiscal year of the State of Nebraska;

9 (4) Program means the Teach in Nebraska Today Program created in
10 section 3 of this act; and

11 (5) Teaching full-time means teaching at least four hours each day
12 performing instructional duties as a full-time employee of a public or
13 private school in this state.

14 Sec. 3. The Teach in Nebraska Today Program is created. The
15 department shall administer the program. The purpose of the program is to
16 attract to the teaching profession persons who have expressed an interest
17 in teaching and to support the employment of those persons as classroom
18 teachers by providing student loan repayment assistance for service as a
19 classroom teacher in a public or private school in this state.

20 Sec. 4. (1) Student loan repayment assistance under the program
21 shall be available only to a person who applies for the assistance and
22 who:

23 (a) Is a certified educator who is currently teaching full-time or
24 who has a contract to teach full-time at the preschool, primary, or
25 secondary level in a public or private school in this state; and

26 (b) Has completed a baccalaureate degree and a teacher education
27 program at an approved college or university.

28 (2) Applications for the program must be submitted no later than
29 April 1, 2023, and no later than April 1 of each year thereafter, on a
30 form developed by the department.

31 (3) The department, in awarding repayment assistance, shall give

1 priority to applicants who demonstrate financial need.

2 (4) If the money available for repayment assistance in a period for
3 which assistance is awarded is insufficient to provide assistance to all
4 eligible applicants described in subsection (1) of this section, the
5 department shall establish priorities for awarding repayment assistance
6 with renewal applications given first priority.

7 (5) A person shall not receive more than five thousand dollars per
8 calendar year in repayment assistance for no more than five consecutive
9 years. The total amount paid to any one certified educator shall not
10 exceed twenty-five thousand dollars.

11 Sec. 5. (1) A person may receive student loan repayment assistance
12 under the program for the repayment of any student loan for education at
13 any public or private institution of higher education which was received
14 through any lender. If the loan is not a state or federal guaranteed
15 student loan, the note or other writing governing the terms of the loan
16 must require the loan proceeds to be used for expenses incurred by a
17 person to attend a public or private institution of higher education.

18 (2) The department shall not provide repayment assistance for a
19 student loan that is in default at the time of the person's application.
20 For purposes of this subsection, a loan is considered in default if it
21 has been reduced to judgment.

22 Sec. 6. (1) Student loan repayment assistance under the program is
23 to be paid:

24 (a) Directly to the entity that holds the outstanding balance of the
25 student loan; or

26 (b) To the certified educator.

27 (2) Student loan repayment assistance received under the program may
28 be applied to the principal amount of the loan and to interest that
29 accrues.

30 Sec. 7. The department may adopt and promulgate rules and
31 regulations to carry out the Teach in Nebraska Today Act.

1 Sec. 8. Section 77-2716, Revised Statutes Supplement, 2021, is
2 amended to read:

3 77-2716 (1) The following adjustments to federal adjusted gross
4 income or, for corporations and fiduciaries, federal taxable income shall
5 be made for interest or dividends received:

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

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

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

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

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

1 the recipient by the regulated investment company; and

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

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

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

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

30 (4) Federal adjusted gross income, or, for a fiduciary, federal
31 taxable income shall be modified to exclude the portion of the income or

1 loss received from a small business corporation with an election in
2 effect under subchapter S of the Internal Revenue Code or from a limited
3 liability company organized pursuant to the Nebraska Uniform Limited
4 Liability Company Act that is not derived from or connected with Nebraska
5 sources as determined in section 77-2734.01.

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

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

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

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

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

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

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

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

24 (c) For taxable years beginning or deemed to begin on or after
25 January 1, 2021, under the Internal Revenue Code of 1986, as amended,
26 federal adjusted gross income shall be reduced, to the extent included in
27 the adjusted gross income of an individual, by the amount of any
28 contribution made by the individual's employer into an account under the
29 Nebraska educational savings plan trust owned by the individual, not to
30 exceed five thousand dollars per married filing separate return or ten
31 thousand dollars for any other return.

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

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

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

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

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

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

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

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

29 (11)(a) For taxable years beginning or deemed to begin before
30 January 1, 2018, under the Internal Revenue Code of 1986, as amended,
31 federal adjusted gross income shall be reduced by contributions, up to

1 two thousand dollars per married filing jointly return or one thousand
2 dollars for any other return, and any investment earnings made as a
3 participant in the Nebraska long-term care savings plan under the Long-
4 Term Care Savings Plan Act, to the extent not deducted for federal income
5 tax purposes.

6 (b) For taxable years beginning or deemed to begin before January 1,
7 2018, under the Internal Revenue Code of 1986, as amended, federal
8 adjusted gross income shall be increased by the withdrawals made as a
9 participant in the Nebraska long-term care savings plan under the act by
10 a person who is not a qualified individual or for any reason other than
11 transfer of funds to a spouse, long-term care expenses, long-term care
12 insurance premiums, or death of the participant, including withdrawals
13 made by reason of cancellation of the participation agreement, to the
14 extent previously deducted as a contribution or as investment earnings.

15 (12) There shall be added to federal adjusted gross income for
16 individuals, estates, and trusts any amount taken as a credit for
17 franchise tax paid by a financial institution under sections 77-3801 to
18 77-3807 as allowed by subsection (5) of section 77-2715.07.

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

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

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

28 (b) For taxable years beginning or deemed to begin on or after
29 January 1, 2020, under the Internal Revenue Code of 1986, as amended, the
30 Tax Commissioner shall adjust the dollar amounts provided in subdivisions
31 (13)(a)(i) and (ii) of this section by the same percentage used to adjust

1 individual income tax brackets under subsection (3) of section
2 77-2715.03.

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

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

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

17 (ii) Twenty percent for taxable years beginning or deemed to begin
18 on or after January 1, 2022, and before January 1, 2023, under the
19 Internal Revenue Code of 1986, as amended;

20 (iii) Thirty percent for taxable years beginning or deemed to begin
21 on or after January 1, 2023, and before January 1, 2024, under the
22 Internal Revenue Code of 1986, as amended;

23 (iv) Forty percent for taxable years beginning or deemed to begin on
24 or after January 1, 2024, and before January 1, 2025, under the Internal
25 Revenue Code of 1986, as amended; and

26 (v) Fifty percent for taxable years beginning or deemed to begin on
27 or after January 1, 2025, under the Internal Revenue Code of 1986, as
28 amended.

29 (b) It is the intent of the Legislature to enact legislation within
30 five years after August 28, 2021, to increase the percentage of social
31 security benefits that are excluded under this subsection to (i) sixty

1 percent for taxable years beginning or deemed to begin on or after
2 January 1, 2026, and before January 1, 2027, under the Internal Revenue
3 Code of 1986, as amended, (ii) seventy percent for taxable years
4 beginning or deemed to begin on or after January 1, 2027, and before
5 January 1, 2028, under the Internal Revenue Code of 1986, as amended,
6 (iii) eighty percent for taxable years beginning or deemed to begin on or
7 after January 1, 2028, and before January 1, 2029, under the Internal
8 Revenue Code of 1986, as amended, (iv) ninety percent for taxable years
9 beginning or deemed to begin on or after January 1, 2029, and before
10 January 1, 2030, under the Internal Revenue Code of 1986, as amended, and
11 (v) one hundred percent for taxable years beginning or deemed to begin on
12 or after January 1, 2030, under the Internal Revenue Code of 1986, as
13 amended.

14 (c) For purposes of this subsection, social security benefits means
15 benefits received under the federal Social Security Act.

16 (d) For taxable years beginning or deemed to begin on or after
17 January 1, 2021, under the Internal Revenue Code of 1986, as amended, a
18 taxpayer may claim the reduction to federal adjusted gross income allowed
19 under this subsection or the reduction to federal adjusted gross income
20 allowed under subsection (13) of this section, whichever provides the
21 greater reduction.

22 (15)(a) For taxable years beginning or deemed to begin on or after
23 January 1, 2015, and before January 1, 2022, under the Internal Revenue
24 Code of 1986, as amended, an individual may make a one-time election
25 within two calendar years after the date of his or her retirement from
26 the military to exclude income received as a military retirement benefit
27 by the individual to the extent included in federal adjusted gross income
28 and as provided in this subdivision. The individual may elect to exclude
29 forty percent of his or her military retirement benefit income for seven
30 consecutive taxable years beginning with the year in which the election
31 is made or may elect to exclude fifteen percent of his or her military

1 retirement benefit income for all taxable years beginning with the year
2 in which he or she turns sixty-seven years of age.

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

8 (c) For purposes of this subsection, military retirement benefit
9 means retirement benefits that are periodic payments attributable to
10 service in the uniformed services of the United States for personal
11 services performed by an individual prior to his or her retirement. The
12 term includes retirement benefits described in this subdivision that are
13 reported to the individual on either:

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

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

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

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

29 (18) There shall be subtracted from the federal adjusted gross
30 income of individuals any amount received as student loan repayment
31 assistance under the Teach in Nebraska Today Act, to the extent such

1 amount is included in federal adjusted gross income.

2 Sec. 9. There is hereby appropriated (1) \$5,000,000 from the
3 General Fund for FY2022-23 and (2) \$5,000,000 from the General Fund for
4 FY2023-24 to the State Department of Education to aid in carrying out the
5 provisions of this legislative bill.

6 No expenditures for permanent and temporary salaries and per diems
7 for state employees shall be made from funds appropriated in this
8 section.

9 Sec. 10. Original section 77-2716, Revised Statutes Supplement,
10 2021, is repealed.