

AMENDMENTS TO LB919

(Amendments to Standing Committee amendments, AM2513)

Introduced by DeBoer, 10.

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

3           Section 1. Section 77-2716, Revised Statutes Supplement, 2021, is  
4 amended to read:

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

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

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

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

23           (c) There shall be added interest or dividends received by the owner  
24 of obligations of the District of Columbia, other states of the United  
25 States, or their political subdivisions, authorities, commissions, or  
26 instrumentalities to the extent excluded in the computation of gross

1 income for federal income tax purposes except that such interest or  
2 dividends shall not be added if received by a corporation which is a  
3 regulated investment company;

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

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

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

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

31 (3) There shall be subtracted from federal adjusted gross income for

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

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

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

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

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

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

31 (c) The result of the calculation in subdivision (b) of this

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

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

8 (8)(a) Federal adjusted gross income or, for corporations and  
9 fiduciaries, federal taxable income shall be reduced, to the extent  
10 included, by income from interest, earnings, and state contributions  
11 received from the Nebraska educational savings plan trust created in  
12 sections 85-1801 to 85-1817 and any account established under the  
13 achieving a better life experience program as provided in sections  
14 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  
18 contributions to an account established under the achieving a better life  
19 experience program made for the benefit of a beneficiary as provided in  
20 sections 77-1401 to 77-1409, to the extent not deducted for federal  
21 income tax purposes, but not to exceed five thousand dollars per married  
22 filing separate return or ten thousand dollars for any other return. With  
23 respect to a qualified rollover within the meaning of section 529 of the  
24 Internal Revenue Code from another state's plan, any interest, earnings,  
25 and state contributions received from the other state's educational  
26 savings plan which is qualified under section 529 of the code shall  
27 qualify for the reduction provided in this subdivision. For contributions  
28 by a custodian of a custodial account including rollovers from another  
29 custodial account, the reduction shall only apply to funds added to the  
30 custodial account after January 1, 2014.

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

1 January 1, 2021, under the Internal Revenue Code of 1986, as amended,  
2 federal adjusted gross income shall be reduced, to the extent included in  
3 the adjusted gross income of an individual, by the amount of any  
4 contribution made by the individual's employer into an account under the  
5 Nebraska educational savings plan trust owned by the individual, not to  
6 exceed five thousand dollars per married filing separate return or ten  
7 thousand dollars for any other return.

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

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

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

18 (9)(a) For income tax returns filed after September 10, 2001, for  
19 taxable years beginning or deemed to begin before January 1, 2006, under  
20 the Internal Revenue Code of 1986, as amended, federal adjusted gross  
21 income or, for corporations and fiduciaries, federal taxable income shall  
22 be increased by eighty-five percent of any amount of any federal bonus  
23 depreciation received under the federal Job Creation and Worker  
24 Assistance Act of 2002 or the federal Jobs and Growth Tax Act of 2003,  
25 under section 168(k) or section 1400L of the Internal Revenue Code of  
26 1986, as amended, for assets placed in service after September 10, 2001,  
27 and before December 31, 2005.

28 (b) For a partnership, limited liability company, cooperative,  
29 including any cooperative exempt from income taxes under section 521 of  
30 the Internal Revenue Code of 1986, as amended, limited cooperative  
31 association, subchapter S corporation, or joint venture, the increase

1 shall be distributed to the partners, members, shareholders, patrons, or  
2 beneficiaries in the same manner as income is distributed for use against  
3 their income tax liabilities.

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

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

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

1 to begin on or after January 1, 2003, may be subtracted in the first  
2 taxable year beginning or deemed to begin on or after January 1, 2006,  
3 under the Internal Revenue Code of 1986, as amended, and twenty percent  
4 in each of the next four following tax years.

5 (11)(a) For taxable years beginning or deemed to begin before  
6 January 1, 2018, under the Internal Revenue Code of 1986, as amended,  
7 federal adjusted gross income shall be reduced by contributions, up to  
8 two thousand dollars per married filing jointly return or one thousand  
9 dollars for any other return, and any investment earnings made as a  
10 participant in the Nebraska long-term care savings plan under the Long-  
11 Term Care Savings Plan Act, to the extent not deducted for federal income  
12 tax purposes.

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

22 (12) There shall be added to federal adjusted gross income for  
23 individuals, estates, and trusts any amount taken as a credit for  
24 franchise tax paid by a financial institution under sections 77-3801 to  
25 77-3807 as allowed by subsection (5) of section 77-2715.07.

26 (13)(a) For taxable years beginning or deemed to begin on or after  
27 January 1, 2015, and before January 1, 2025, under the Internal Revenue  
28 Code of 1986, as amended, federal adjusted gross income shall be reduced  
29 by the amount received as benefits under the federal Social Security Act  
30 which are included in the federal adjusted gross income if:

31 (i) For taxpayers filing a married filing joint return, federal

1 adjusted gross income is fifty-eight thousand dollars or less; or

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

4 (b) For taxable years beginning or deemed to begin on or after  
5 January 1, 2020, and before January 1, 2025, under the Internal Revenue  
6 Code of 1986, as amended, the Tax Commissioner shall adjust the dollar  
7 amounts provided in subdivisions (13)(a)(i) and (ii) of this section by  
8 the same percentage used to adjust individual income tax brackets under  
9 subsection (3) of section 77-2715.03.

10 (c) For taxable years beginning or deemed to begin on or after  
11 January 1, 2021, and before January 1, 2025, under the Internal Revenue  
12 Code of 1986, as amended, a taxpayer may claim the reduction to federal  
13 adjusted gross income allowed under this subsection or the reduction to  
14 federal adjusted gross income allowed under subsection (14) of this  
15 section, whichever provides the greater reduction.

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

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

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

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

30 (iv) Eighty ~~Forty~~ percent for taxable years beginning or deemed to  
31 begin on or after January 1, 2024, and before January 1, 2025, under the



1 Internal Revenue Code of 1986, as amended; and

2 (v) One hundred Fifty percent for taxable years beginning or deemed  
3 to begin on or after January 1, 2025, under the Internal Revenue Code of  
4 1986, as amended.

5 ~~(b) It is the intent of the Legislature to enact legislation within~~  
6 ~~five years after August 28, 2021, to increase the percentage of social~~  
7 ~~security benefits that are excluded under this subsection to (i) sixty~~  
8 ~~percent for taxable years beginning or deemed to begin on or after~~  
9 ~~January 1, 2026, and before January 1, 2027, under the Internal Revenue~~  
10 ~~Code of 1986, as amended, (ii) seventy percent for taxable years~~  
11 ~~beginning or deemed to begin on or after January 1, 2027, and before~~  
12 ~~January 1, 2028, under the Internal Revenue Code of 1986, as amended,~~  
13 ~~(iii) eighty percent for taxable years beginning or deemed to begin on or~~  
14 ~~after January 1, 2028, and before January 1, 2029, under the Internal~~  
15 ~~Revenue Code of 1986, as amended, (iv) ninety percent for taxable years~~  
16 ~~beginning or deemed to begin on or after January 1, 2029, and before~~  
17 ~~January 1, 2030, under the Internal Revenue Code of 1986, as amended, and~~  
18 ~~(v) one hundred percent for taxable years beginning or deemed to begin on~~  
19 ~~or after January 1, 2030, under the Internal Revenue Code of 1986, as~~  
20 ~~amended.~~

21 ~~(b) (c)~~ For purposes of this subsection, social security benefits  
22 means benefits received under the federal Social Security Act.

23 ~~(c) (d)~~ For taxable years beginning or deemed to begin on or after  
24 January 1, 2021, and before January 1, 2025, under the Internal Revenue  
25 Code of 1986, as amended, a taxpayer may claim the reduction to federal  
26 adjusted gross income allowed under this subsection or the reduction to  
27 federal adjusted gross income allowed under subsection (13) of this  
28 section, whichever provides the greater reduction.

29 (15)(a) For taxable years beginning or deemed to begin on or after  
30 January 1, 2015, and before January 1, 2022, under the Internal Revenue  
31 Code of 1986, as amended, an individual may make a one-time election

1 within two calendar years after the date of his or her retirement from  
2 the military to exclude income received as a military retirement benefit  
3 by the individual to the extent included in federal adjusted gross income  
4 and as provided in this subdivision. The individual may elect to exclude  
5 forty percent of his or her military retirement benefit income for seven  
6 consecutive taxable years beginning with the year in which the election  
7 is made or may elect to exclude fifteen percent of his or her military  
8 retirement benefit income for all taxable years beginning with the year  
9 in which he or she turns sixty-seven years of age.

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

15 (c) For purposes of this subsection, military retirement benefit  
16 means retirement benefits that are periodic payments attributable to  
17 service in the uniformed services of the United States for personal  
18 services performed by an individual prior to his or her retirement. The  
19 term includes retirement benefits described in this subdivision that are  
20 reported to the individual on either:

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

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

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

30 (17) For taxable years beginning or deemed to begin on or after  
31 January 1, 2022, under the Internal Revenue Code of 1986, as amended,

1 federal adjusted gross income shall be reduced by the amount received by  
2 or on behalf of a firefighter for cancer benefits under the Firefighter  
3 Cancer Benefits Act to the extent included in federal adjusted gross  
4 income.

5 Sec. 2. Original section 77-2716, Revised Statutes Supplement,  
6 2021, is repealed.