

LEGISLATURE OF NEBRASKA
ONE HUNDRED FIFTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 443

Introduced by Bolz, 29.

Read first time January 17, 2017

Committee:

- 1 A BILL FOR AN ACT relating to revenue and taxation; to amend sections
- 2 77-2715.07, 77-2716, 77-2717, 77-2734.03, and 77-3806, Revised
- 3 Statutes Cumulative Supplement, 2016; to adopt the Student Loan
- 4 Repayment Tax Credit Act; to harmonize provisions; and to repeal the
- 5 original sections.
- 6 Be it enacted by the people of the State of Nebraska,

1 Section 1. Sections 1 to 9 of this act shall be known and may be
2 cited as the Student Loan Repayment Tax Credit Act.

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

4 (1) Department means the Department of Revenue;

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

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

14 (4) Qualified employee means an individual who:

15 (a) Is employed by the employer for at least four hundred eighty
16 hours in this state during the calendar year in which the student loan
17 repayment is made;

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;

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; and

25 (6) Student loan repayment means a repayment of principal and
26 interest on a student loan that is paid by an employer directly to the
27 relevant lender or servicer of the loan on behalf of a qualified employee
28 of the employer.

29 Sec. 3. (1) An employer that plans to make student loan repayments
30 during a calendar year may apply to the department from January 1 to
31 March 31 of that calendar year to receive tax credits under the Student

1 Loan Repayment Tax Credit Act. The department shall accept applications
2 under this section beginning January 1, 2018.

3 (2) The amount of the credit shall be equal to fifty percent of the
4 student loan repayments to be made during the calendar year by such
5 employer, up to a maximum credit of one thousand eight hundred dollars
6 for each qualified employee for whom student loan repayments will be
7 made. An employer may earn credits for up to twenty qualified employees
8 per calendar year.

9 (3) The credit shall be a nonrefundable credit against the income
10 tax imposed by the Nebraska Revenue Act of 1967 or the franchise tax
11 imposed under sections 77-3801 to 77-3807.

12 (4) Applications shall be submitted on a form prescribed by the
13 department and shall include the following information:

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

15 (b) The total number of employees of the employer;

16 (c) The number of qualified employees of the employer for whom
17 student loan repayments will be made during the calendar year;

18 (d) The amount of the student loan repayment that will be made
19 during the calendar year for each such qualified employee; and

20 (e) Any other documentation required by the department.

21 Sec. 4. (1) If the department determines that an application is
22 complete and that the employer qualifies for tax credits, the department
23 shall approve the application within the limits set forth in this section
24 and shall certify the amount of tax credits approved to the employer.

25 (2) The department shall consider applications in the order in which
26 they are received and may approve up to one million five hundred thousand
27 dollars in tax credits in any calendar year. At least twenty-five percent
28 of the credits approved in any calendar year must be awarded to employers
29 that have no more than thirty employees or that are located in a city of
30 the first or second class or village in this state.

31 Sec. 5. (1) An employer shall claim the tax credit by attaching the

1 tax credit certification received from the department under section 4 of
2 this act to the employer's tax return for the taxable year during which
3 the student loan repayment was made.

4 (2) Any tax credit claimed but not used in a taxable year may be
5 carried forward to subsequent taxable years until fully utilized.

6 (3) Any employer claiming a tax credit shall, pursuant to subsection
7 (15) of section 77-2716, add back to its federal adjusted gross income
8 or, for corporations and fiduciaries, its federal taxable income amounts
9 deducted under the Internal Revenue Code for any student loan repayments
10 for which the employer is claiming a credit under the Student Loan
11 Repayment Tax Credit Act.

12 Sec. 6. If the department determines that an employer failed to
13 make the student loan repayments for which tax credits were claimed under
14 the Student Loan Repayment Tax Credit Act or failed to comply with
15 subsection (3) of section 5 of this act, the department shall recapture
16 all or a portion of the tax credits claimed. Such recapture shall be
17 allowed for a period of three years after the end of the taxable year in
18 which the credits were claimed.

19 Sec. 7. There shall be no new applications for tax credits filed
20 under the Student Loan Repayment Tax Credit Act after December 31, 2022.
21 All applications and all credits pending or approved before such date
22 shall continue in full force and effect.

23 Sec. 8. (1) On or before July 1, 2019, 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 tax credits claimed by employers;

31 (c) The total amount of tax credits outstanding;

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

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

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

9 Sec. 9. The department may adopt and promulgate rules and
10 regulations to carry out the Student Loan Repayment Tax Credit Act.

11 Sec. 10. Section 77-2715.07, Revised Statutes Cumulative Supplement,
12 2016, is amended to read:

13 77-2715.07 (1) There shall be allowed to qualified resident
14 individuals as a nonrefundable credit against the income tax imposed by
15 the Nebraska Revenue Act of 1967:

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

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

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

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

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

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

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

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

21 (f) A credit to employers as provided in section 77-27,238;~~and~~

22 (g) A credit as provided in the Affordable Housing Tax Credit Act;
23 and -

24 (h) A credit to employers as provided in the Student Loan Repayment
25 Tax Credit Act.

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

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

30 (b) A credit to all estates and trusts for contributions to
31 certified community betterment programs as provided in the Community

1 Development Assistance Act; and

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

13 (5)(a) For all taxable years beginning on or after January 1, 2007,
14 and before January 1, 2009, under the Internal Revenue Code of 1986, as
15 amended, there shall be allowed to each partner, shareholder, member, or
16 beneficiary of a partnership, subchapter S corporation, limited liability
17 company, or estate or trust a nonrefundable credit against the income tax
18 imposed by the Nebraska Revenue Act of 1967 equal to fifty percent of the
19 partner's, shareholder's, member's, or beneficiary's portion of the
20 amount of franchise tax paid to the state under sections 77-3801 to
21 77-3807 by a financial institution.

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

30 (c) Each partner, shareholder, member, or beneficiary shall report
31 his or her share of the credit in the same manner and proportion as he or

1 she reports the partnership, subchapter S corporation, limited liability
2 company, or estate or trust income. If any partner, shareholder, member,
3 or beneficiary cannot fully utilize the credit for that year, the credit
4 may not be carried forward or back.

5 (6) There shall be allowed to all individuals nonrefundable credits
6 against the income tax imposed by the Nebraska Revenue Act of 1967 as
7 provided in section 77-3604 and refundable credits against the income tax
8 imposed by the Nebraska Revenue Act of 1967 as provided in section
9 77-3605.

10 Sec. 11. Section 77-2716, Revised Statutes Cumulative Supplement,
11 2016, is amended to read:

12 77-2716 (1) The following adjustments to federal adjusted gross
13 income or, for corporations and fiduciaries, federal taxable income shall
14 be made for interest or dividends received:

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

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

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

30 (c) There shall be added interest or dividends received by the owner
31 of obligations of the District of Columbia, other states of the United

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

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

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

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

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

1 derived from or connected with Nebraska sources.

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

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

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

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

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

31 (b) The amount of after-tax income shall be divided by one minus the

1 maximum tax rate for corporations in the Internal Revenue Code; and

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

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

10 (8)(a) Federal adjusted gross income or, for corporations and
11 fiduciaries, federal taxable income shall be reduced, to the extent
12 included, by income from interest, earnings, and state contributions
13 received from the Nebraska educational savings plan trust created in
14 sections 85-1801 to 85-1814 and any account established under the
15 achieving a better life experience program as provided in sections
16 77-1401 to 77-1409.

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

1 custodial account after January 1, 2014.

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

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

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

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

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

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

1 section 77-2734.05.

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

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

30 (11)(a) For taxable years beginning or deemed to begin before
31 January 1, 2018, under the Internal Revenue Code of 1986, as amended,

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

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

16 (12) There shall be added to federal adjusted gross income for
17 individuals, estates, and trusts any amount taken as a credit for
18 franchise tax paid by a financial institution under sections 77-3801 to
19 77-3807 as allowed by subsection (5) of section 77-2715.07.

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

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

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

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

1 the date of his or her retirement from the military to exclude income
2 received as a military retirement benefit by the individual to the extent
3 included in federal adjusted gross income and as provided in this
4 subsection. The individual may elect to exclude forty percent of his or
5 her military retirement benefit income for seven consecutive taxable
6 years beginning with the year in which the election is made or may elect
7 to exclude fifteen percent of his or her military retirement benefit
8 income for all taxable years beginning with the year in which he or she
9 turns sixty-seven years of age. For purposes of this subsection, military
10 retirement benefit means retirement benefits that are periodic payments
11 attributable to service in the uniformed services of the United States
12 for personal services performed by an individual prior to his or her
13 retirement.

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

19 Sec. 12. Section 77-2717, Revised Statutes Cumulative Supplement,
20 2016, is amended to read:

21 77-2717 (1)(a)(i) For taxable years beginning or deemed to begin
22 before January 1, 2014, the tax imposed on all resident estates and
23 trusts shall be a percentage of the federal taxable income of such
24 estates and trusts as modified in section 77-2716, plus a percentage of
25 the federal alternative minimum tax and the federal tax on premature or
26 lump-sum distributions from qualified retirement plans. The additional
27 taxes shall be recomputed by (A) substituting Nebraska taxable income for
28 federal taxable income, (B) calculating what the federal alternative
29 minimum tax would be on Nebraska taxable income and adjusting such
30 calculations for any items which are reflected differently in the
31 determination of federal taxable income, and (C) applying Nebraska rates

1 to the result. The federal credit for prior year minimum tax, after the
2 recomputations required by the Nebraska Revenue Act of 1967, and the
3 credits provided in the Nebraska Advantage Microenterprise Tax Credit Act
4 and the Nebraska Advantage Research and Development Act shall be allowed
5 as a reduction in the income tax due. A refundable income tax credit
6 shall be allowed for all resident estates and trusts under the Angel
7 Investment Tax Credit Act, the Nebraska Advantage Microenterprise Tax
8 Credit Act, and the Nebraska Advantage Research and Development Act. A
9 nonrefundable income tax credit shall be allowed for all resident estates
10 and trusts as provided in the New Markets Job Growth Investment Act.

11 (ii) For taxable years beginning or deemed to begin on or after
12 January 1, 2014, the tax imposed on all resident estates and trusts shall
13 be a percentage of the federal taxable income of such estates and trusts
14 as modified in section 77-2716, plus a percentage of the federal tax on
15 premature or lump-sum distributions from qualified retirement plans. The
16 additional taxes shall be recomputed by substituting Nebraska taxable
17 income for federal taxable income and applying Nebraska rates to the
18 result. The credits provided in the Nebraska Advantage Microenterprise
19 Tax Credit Act and the Nebraska Advantage Research and Development Act
20 shall be allowed as a reduction in the income tax due. A refundable
21 income tax credit shall be allowed for all resident estates and trusts
22 under the Angel Investment Tax Credit Act, the Nebraska Advantage
23 Microenterprise Tax Credit Act, and the Nebraska Advantage Research and
24 Development Act. A nonrefundable income tax credit shall be allowed for
25 all resident estates and trusts as provided in the Nebraska Job Creation
26 and Mainstreet Revitalization Act, the New Markets Job Growth Investment
27 Act, the School Readiness Tax Credit Act, the Affordable Housing Tax
28 Credit Act, the Student Loan Repayment Tax Credit Act, and section
29 77-27,238.

30 (b) The tax imposed on all nonresident estates and trusts shall be
31 the portion of the tax imposed on resident estates and trusts which is

1 attributable to the income derived from sources within this state. The
2 tax which is attributable to income derived from sources within this
3 state shall be determined by multiplying the liability to this state for
4 a resident estate or trust with the same total income by a fraction, the
5 numerator of which is the nonresident estate's or trust's Nebraska income
6 as determined by sections 77-2724 and 77-2725 and the denominator of
7 which is its total federal income after first adjusting each by the
8 amounts provided in section 77-2716. The federal credit for prior year
9 minimum tax, after the recomputations required by the Nebraska Revenue
10 Act of 1967, reduced by the percentage of the total income which is
11 attributable to income from sources outside this state, and the credits
12 provided in the Nebraska Advantage Microenterprise Tax Credit Act and the
13 Nebraska Advantage Research and Development Act shall be allowed as a
14 reduction in the income tax due. A refundable income tax credit shall be
15 allowed for all nonresident estates and trusts under the Angel Investment
16 Tax Credit Act, the Nebraska Advantage Microenterprise Tax Credit Act,
17 and the Nebraska Advantage Research and Development Act. A nonrefundable
18 income tax credit shall be allowed for all nonresident estates and trusts
19 as provided in the Nebraska Job Creation and Mainstreet Revitalization
20 Act, the New Markets Job Growth Investment Act, the School Readiness Tax
21 Credit Act, the Affordable Housing Tax Credit Act, the Student Loan
22 Repayment Tax Credit Act, and section 77-27,238.

23 (2) In all instances wherein a fiduciary income tax return is
24 required under the provisions of the Internal Revenue Code, a Nebraska
25 fiduciary return shall be filed, except that a fiduciary return shall not
26 be required to be filed regarding a simple trust if all of the trust's
27 beneficiaries are residents of the State of Nebraska, all of the trust's
28 income is derived from sources in this state, and the trust has no
29 federal tax liability. The fiduciary shall be responsible for making the
30 return for the estate or trust for which he or she acts, whether the
31 income be taxable to the estate or trust or to the beneficiaries thereof.

1 The fiduciary shall include in the return a statement of each
2 beneficiary's distributive share of net income when such income is
3 taxable to such beneficiaries.

4 (3) The beneficiaries of such estate or trust who are residents of
5 this state shall include in their income their proportionate share of
6 such estate's or trust's federal income and shall reduce their Nebraska
7 tax liability by their proportionate share of the credits as provided in
8 the Angel Investment Tax Credit Act, the Nebraska Advantage
9 Microenterprise Tax Credit Act, the Nebraska Advantage Research and
10 Development Act, the Nebraska Job Creation and Mainstreet Revitalization
11 Act, the New Markets Job Growth Investment Act, the School Readiness Tax
12 Credit Act, the Affordable Housing Tax Credit Act, the Student Loan
13 Repayment Tax Credit Act, and section 77-27,238. There shall be allowed
14 to a beneficiary a refundable income tax credit under the Beginning
15 Farmer Tax Credit Act for all taxable years beginning or deemed to begin
16 on or after January 1, 2001, under the Internal Revenue Code of 1986, as
17 amended.

18 (4) If any beneficiary of such estate or trust is a nonresident
19 during any part of the estate's or trust's taxable year, he or she shall
20 file a Nebraska income tax return which shall include (a) in Nebraska
21 adjusted gross income that portion of the estate's or trust's Nebraska
22 income, as determined under sections 77-2724 and 77-2725, allocable to
23 his or her interest in the estate or trust and (b) a reduction of the
24 Nebraska tax liability by his or her proportionate share of the credits
25 as provided in the Angel Investment Tax Credit Act, the Nebraska
26 Advantage Microenterprise Tax Credit Act, the Nebraska Advantage Research
27 and Development Act, the Nebraska Job Creation and Mainstreet
28 Revitalization Act, the New Markets Job Growth Investment Act, the School
29 Readiness Tax Credit Act, the Affordable Housing Tax Credit Act, the
30 Student Loan Repayment Tax Credit Act, and section 77-27,238 and shall
31 execute and forward to the fiduciary, on or before the original due date

1 of the Nebraska fiduciary return, an agreement which states that he or
2 she will file a Nebraska income tax return and pay income tax on all
3 income derived from or connected with sources in this state, and such
4 agreement shall be attached to the Nebraska fiduciary return for such
5 taxable year.

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

22 (6) The Tax Commissioner may allow a nonresident beneficiary to not
23 file a Nebraska income tax return if the nonresident beneficiary's only
24 source of Nebraska income was his or her share of the estate's or trust's
25 income which was derived from or attributable to sources within this
26 state, the nonresident did not file an agreement to file a Nebraska
27 income tax return, and the estate or trust has remitted the amount
28 required by subsection (5) of this section on behalf of such nonresident
29 beneficiary. The amount remitted shall be retained in satisfaction of the
30 Nebraska income tax liability of the nonresident beneficiary.

31 (7) For purposes of this section, unless the context otherwise

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

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

11 Sec. 13. Section 77-2734.03, Revised Statutes Cumulative Supplement,
12 2016, is amended to read:

13 77-2734.03 (1)(a) For taxable years commencing prior to January 1,
14 1997, any (i) insurer paying a tax on premiums and assessments pursuant
15 to section 77-908 or 81-523, (ii) electric cooperative organized under
16 the Joint Public Power Authority Act, or (iii) credit union shall be
17 credited, in the computation of the tax due under the Nebraska Revenue
18 Act of 1967, with the amount paid during the taxable year as taxes on
19 such premiums and assessments and taxes in lieu of intangible tax.

20 (b) For taxable years commencing on or after January 1, 1997, any
21 insurer paying a tax on premiums and assessments pursuant to section
22 77-908 or 81-523, any electric cooperative organized under the Joint
23 Public Power Authority Act, or any credit union shall be credited, in the
24 computation of the tax due under the Nebraska Revenue Act of 1967, with
25 the amount paid during the taxable year as (i) taxes on such premiums and
26 assessments included as Nebraska premiums and assessments under section
27 77-2734.05 and (ii) taxes in lieu of intangible tax.

28 (c) For taxable years commencing or deemed to commence prior to, on,
29 or after January 1, 1998, any insurer paying a tax on premiums and
30 assessments pursuant to section 77-908 or 81-523 shall be credited, in
31 the computation of the tax due under the Nebraska Revenue Act of 1967,

1 with the amount paid during the taxable year as assessments allowed as an
2 offset against premium and related retaliatory tax liability pursuant to
3 section 44-4233.

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

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

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

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

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

21 (7) There shall be allowed to corporate taxpayers a nonrefundable
22 income tax credit as provided in the Nebraska Job Creation and Mainstreet
23 Revitalization Act, the New Markets Job Growth Investment Act, the School
24 Readiness Tax Credit Act, the Affordable Housing Tax Credit Act, the
25 Student Loan Repayment Tax Credit Act, and section 77-27,238.

26 Sec. 14. Section 77-3806, Revised Statutes Cumulative Supplement,
27 2016, is amended to read:

28 77-3806 (1) The tax return shall be filed and the total amount of
29 the franchise tax shall be due on the fifteenth day of the third month
30 after the end of the taxable year. No extension of time to pay the tax
31 shall be granted. If the Tax Commissioner determines that the amount of

1 tax can be computed from available information filed by the financial
2 institutions with either state or federal regulatory agencies, the Tax
3 Commissioner may, by regulation, waive the requirement for the financial
4 institutions to file returns.

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

11 (3) No refund of the tax imposed by section 77-3802 shall be allowed
12 unless a claim for such refund is filed within ninety days of the date on
13 which (a) the tax is due or was paid, whichever is later, (b) a change is
14 made to the amount of deposits or the net financial income of the
15 financial institution by a state or federal regulatory agency, or (c) the
16 Nebraska Investment Finance Authority issues an eligibility statement to
17 the financial institution pursuant to the Affordable Housing Tax Credit
18 Act.

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

24 Sec. 15. Original sections 77-2715.07, 77-2716, 77-2717,
25 77-2734.03, and 77-3806, Revised Statutes Cumulative Supplement, 2016,
26 are repealed.