

LEGISLATURE OF NEBRASKA  
ONE HUNDRED THIRD LEGISLATURE  
SECOND SESSION

**LEGISLATIVE BILL 1097**

Introduced by Harr, 8.

Read first time January 22, 2014

Committee: Revenue

A BILL

1 FOR AN ACT relating to revenue and taxation; to amend sections  
2 77-2715.03 and 77-2734.02, Revised Statutes Cumulative  
3 Supplement, 2012; to change individual income tax  
4 brackets and rates and corporate income tax rates; and to  
5 repeal the original sections.  
6 Be it enacted by the people of the State of Nebraska,

1                   Section 1. Section 77-2715.03, Revised Statutes  
 2 Cumulative Supplement, 2012, is amended to read:

3                   77-2715.03 (1) For taxable years beginning or deemed to  
 4 begin on or after January 1, 2013, and before January 1, 2014, the  
 5 following brackets and rates are hereby established for the Nebraska  
 6 individual income tax:

7                   Individual Income Tax Brackets and Rates

| 8  | Bracket | Single      | Married,  | Head of   | Married,  | Estates  | Tax   |
|----|---------|-------------|-----------|-----------|-----------|----------|-------|
| 9  | Number  | Individuals | Filing    | Household | Filing    | and      | Rate  |
| 10 |         | Jointly     |           |           | Separate  | Trusts   |       |
| 11 | 1       | \$0-2,399   | \$0-4,799 | \$0-4,499 | \$0-2,399 | \$0-499  | 2.46% |
| 12 | 2       | \$2,400-    | \$4,800-  | \$4,500-  | \$2,400-  | \$500-   |       |
| 13 |         | 17,499      | 34,999    | 27,999    | 17,499    | 4,699    | 3.51% |
| 14 | 3       | \$17,500-   | \$35,000- | \$28,000- | \$17,500- | \$4,700- |       |
| 15 |         | 26,999      | 53,999    | 39,999    | 26,999    | 15,149   | 5.01% |
| 16 | 4       | \$27,000    | \$54,000  | \$40,000  | \$27,000  | \$15,150 |       |
| 17 |         | and Over    | and Over  | and Over  | and Over  | and Over | 6.84% |

18                   (2) For taxable years beginning or deemed to begin on or  
 19 after January 1, 2014, and before January 1, 2015, the following  
 20 brackets and rates are hereby established for the Nebraska individual  
 21 income tax:

22                   Individual Income Tax Brackets and Rates

| 23 | Bracket | Single | Married, | Head of | Married, | Estates | Tax |
|----|---------|--------|----------|---------|----------|---------|-----|
|----|---------|--------|----------|---------|----------|---------|-----|

| 1 | Number | Individuals Filing | Household Filing | and             | Rate      |          |       |
|---|--------|--------------------|------------------|-----------------|-----------|----------|-------|
| 2 |        | Jointly            |                  | Separate Trusts |           |          |       |
| 3 | 1      | \$0-2,999          | \$0-5,999        | \$0-5,599       | \$0-2,999 | \$0-499  | 2.46% |
| 4 | 2      | \$3,000-           | \$6,000-         | \$5,600-        | \$3,000-  | \$500-   |       |
| 5 |        | 17,999             | 35,999           | 28,799          | 17,999    | 4,699    | 3.51% |
| 6 | 3      | \$18,000-          | \$36,000-        | \$28,800-       | \$18,000- | \$4,700- |       |
| 7 |        | 28,999             | 57,999           | 42,999          | 28,999    | 15,149   | 5.01% |
| 8 | 4      | \$29,000           | \$58,000         | \$43,000        | \$29,000  | \$15,150 |       |
| 9 |        | and Over           | and Over         | and Over        | and Over  | and Over | 6.84% |

10 (3) For taxable years beginning or deemed to begin on or  
 11 after January 1, 2015, and before January 1, 2016, the following  
 12 brackets and rates are hereby established for the Nebraska individual  
 13 income tax:

14 Individual Income Tax Brackets and Rates

| 15 | <u>Bracket</u> | <u>Single</u>      | <u>Married,</u>   | <u>Head of</u>    | <u>Married,</u>   | <u>Estates</u>  | <u>Tax</u>   |
|----|----------------|--------------------|-------------------|-------------------|-------------------|-----------------|--------------|
| 16 | <u>Number</u>  | <u>Individuals</u> | <u>Filing</u>     | <u>Household</u>  | <u>Filing</u>     | <u>and</u>      | <u>Rate</u>  |
| 17 |                |                    | <u>Jointly</u>    |                   | <u>Separate</u>   | <u>Trusts</u>   |              |
| 18 | <u>1</u>       | <u>\$0-17,999</u>  | <u>\$0-35,999</u> | <u>\$0-24,999</u> | <u>\$0-17,999</u> | <u>\$0-999</u>  | <u>2.30%</u> |
| 19 | <u>2</u>       | <u>\$18,000-</u>   | <u>\$36,000-</u>  | <u>\$25,000-</u>  | <u>\$18,000-</u>  | <u>\$1,000-</u> |              |
| 20 |                | <u>35,999</u>      | <u>71,999</u>     | <u>39,999</u>     | <u>35,999</u>     | <u>19,999</u>   | <u>4.90%</u> |
| 21 | <u>3</u>       | <u>\$36,000</u>    | <u>\$72,000</u>   | <u>\$40,000</u>   | <u>\$36,000</u>   | <u>\$20,000</u> |              |



|   |          | <u>Jointly</u>    |                   | <u>Separate</u>   |                   |                 |              |
|---|----------|-------------------|-------------------|-------------------|-------------------|-----------------|--------------|
| 1 |          |                   |                   |                   |                   |                 |              |
| 2 | <u>1</u> | <u>\$0-17,999</u> | <u>\$0-35,999</u> | <u>\$0-24,999</u> | <u>\$0-17,999</u> | <u>\$0-999</u>  | <u>2.30%</u> |
| 3 | <u>2</u> | <u>\$18,000-</u>  | <u>\$36,000-</u>  | <u>\$25,000-</u>  | <u>\$18,000-</u>  | <u>\$1,000-</u> |              |
| 4 |          | <u>35,999</u>     | <u>71,999</u>     | <u>39,999</u>     | <u>35,999</u>     | <u>19,999</u>   | <u>4.75%</u> |
| 5 | <u>3</u> | <u>\$36,000</u>   | <u>\$72,000</u>   | <u>\$40,000</u>   | <u>\$36,000</u>   | <u>\$20,000</u> |              |
| 6 |          | <u>and Over</u>   | <u>and Over</u>   | <u>and Over</u>   | <u>and Over</u>   | <u>and Over</u> | <u>5.90%</u> |

7           (6) For taxable years beginning or deemed to begin on or  
 8 after January 1, 2018, the minimum and maximum dollar amounts for  
 9 each tax bracket provided in subsection (5) of this section shall be  
 10 adjusted for inflation by the method provided in section 151 of the  
 11 Internal Revenue Code of 1986, as amended.

12           ~~(3)~~(7) Whenever the tax brackets or tax rates are  
 13 changed by the Legislature or adjusted for inflation pursuant to  
 14 subsection (6) of this section, the Tax Commissioner shall update the  
 15 tax rate schedules to reflect the new tax brackets or tax rates and  
 16 shall publish such updated schedules.

17           ~~(4)~~(8) The Tax Commissioner shall prepare, from the rate  
 18 schedules, tax tables which can be used by a majority of the  
 19 taxpayers to determine their Nebraska tax liability. The design of  
 20 the tax tables shall be determined by the Tax Commissioner. The size  
 21 of the tax table brackets may change as the level of income changes.  
 22 The difference in tax between two tax table brackets shall not exceed  
 23 fifteen dollars. The Tax Commissioner may build the personal  
 24 exemption credit and standard deduction amounts into the tax tables.

1           ~~(5)-(9)~~ For taxable years beginning or deemed to begin on  
2 or after January 1, 2013, the tax rate applied to other federal taxes  
3 included in the computation of the Nebraska individual income tax  
4 shall be 29.6 percent.

5           ~~(6)-(10)~~ The Tax Commissioner may require by rule and  
6 regulation that all taxpayers shall use the tax tables if their  
7 income is less than the maximum income included in the tax tables.

8           Sec. 2. Section 77-2734.02, Revised Statutes Cumulative  
9 Supplement, 2012, is amended to read:

10           77-2734.02 (1) Except as provided in subsection (2) of  
11 this section, a tax is hereby imposed on the taxable income of every  
12 corporate taxpayer that is doing business in this state:

13           (a) For taxable years beginning or deemed to begin before  
14 January 1, 2013, at a rate equal to one hundred fifty and eight-  
15 tenths percent of the primary rate imposed on individuals under  
16 section 77-2701.01 on the first one hundred thousand dollars of  
17 taxable income and at the rate of two hundred eleven percent of such  
18 rate on all taxable income in excess of one hundred thousand dollars.  
19 The resultant rates shall be rounded to the nearest one hundredth of  
20 one percent; ~~and~~

21           (b) For taxable years beginning or deemed to begin on or  
22 after January 1, 2013, and before January 1, 2015, at a rate equal to  
23 5.58 percent on the first one hundred thousand dollars of taxable  
24 income and at the rate of 7.81 percent on all taxable income in  
25 excess of one hundred thousand dollars; ~~-~~

1           (c) For taxable years beginning or deemed to begin on or  
2 after January 1, 2015, and before January 1, 2016, at a rate equal to  
3 4.75 percent on the first one hundred thousand dollars of taxable  
4 income and at the rate of 7.00 percent on all taxable income in  
5 excess of one hundred thousand dollars;

6           (d) For taxable years beginning or deemed to begin on or  
7 after January 1, 2016, and before January 1, 2017, at a rate equal to  
8 4.00 percent on the first one hundred thousand dollars of taxable  
9 income and at the rate of 6.50 percent on all taxable income in  
10 excess of one hundred thousand dollars; and

11           (e) For taxable years beginning or deemed to begin on or  
12 after January 1, 2017, at a rate equal to 3.50 percent on the first  
13 one hundred thousand dollars of taxable income and at the rate of  
14 5.90 percent on all taxable income in excess of one hundred thousand  
15 dollars.

16           For corporate taxpayers with a fiscal year that does not  
17 coincide with the calendar year, the individual rate used for this  
18 subsection shall be the rate in effect on the first day, or the day  
19 deemed to be the first day, of the taxable year.

20           (2) An insurance company shall be subject to taxation at  
21 the lesser of the rate described in subsection (1) of this section or  
22 the rate of tax imposed by the state or country in which the  
23 insurance company is domiciled if the insurance company can establish  
24 to the satisfaction of the Tax Commissioner that it is domiciled in a  
25 state or country other than Nebraska that imposes on Nebraska

1 domiciled insurance companies a retaliatory tax against the tax  
2 described in subsection (1) of this section.

3           (3) For a corporate taxpayer that is subject to tax in  
4 another state, its taxable income shall be the portion of the  
5 taxpayer's federal taxable income, as adjusted, that is determined to  
6 be connected with the taxpayer's operations in this state pursuant to  
7 sections 77-2734.05 to 77-2734.15.

8           (4) Each corporate taxpayer shall file only one income  
9 tax return for each taxable year.

10           Sec. 3. Original sections 77-2715.03 and 77-2734.02,  
11 Revised Statutes Cumulative Supplement, 2012, are repealed.