

AMENDMENTS TO LB 277

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

3 "Section 1. Section 77-2715.02, Revised Statutes
4 Supplement, 2000, is amended to read:

5 77-2715.02. (1) Whenever the primary rate is changed by
6 the Legislature under section 77-2715.01, the Tax Commissioner
7 shall update the rate schedules required in subsection (2) of this
8 section to reflect the new primary rate and shall publish such
9 updated schedules.

10 (2) The following rate schedules are hereby established
11 for the Nebraska individual income tax and shall be in the
12 following form:

13 (a) The income amounts for columns A and E shall be:

14 (i) ~~\$0, \$2,400, \$17,000, and \$26,500, for single returns~~
15 \$0, \$2,000, \$16,000, and \$24,800 for single returns and for each
16 spouse electing for separate calculation of tax liability under
17 subsection (4) of section 77-2732;

18 (ii) \$0, \$4,000, \$30,000, and \$46,750, for married filing
19 joint returns;

20 (iii) \$0, \$3,800, \$24,000, and \$35,000, for
21 head-of-household returns;

22 (iv) \$0, \$2,000, \$15,000, and \$23,375, for married filing
23 separate returns; and

24 (v) \$0, \$500, \$4,700, and \$15,150, for estates and

1 trusts;

2 (b) The amount in column C shall be the total amount of
3 the tax imposed on income less than the amount in column A;

4 (c) The amount in column D shall be the rate on the
5 income in excess of the amount in column E;

6 (d) The primary rate set by the Legislature shall be
7 multiplied by the following factors to compute the tax rates for
8 column D. The factors for the brackets, from lowest to highest
9 bracket, shall be .6784, .9432, 1.3541, and 1.8054;

10 (e) The amounts for column C shall be rounded to the
11 nearest dollar, and the amounts in column D shall be rounded to
12 hundredths of one percent; and

13 (f) One rate schedule shall be established for each
14 federal filing status.

15 (3) The tax rate schedules shall use the format set forth
16 in this subsection.

17	A	B	C	D	E
18	Taxable income	but not	pay	plus	of the
19	over	over			amount over

20 (4) The tax rate applied to other federal taxes included
21 in the computation of the Nebraska individual income tax shall be
22 eight times the primary rate.

23 (5) The Tax Commissioner shall prepare, from the rate
24 schedules, tax tables which can be used by a majority of the
25 taxpayers to determine their Nebraska tax liability. The design of
26 the tax tables shall be determined by the Tax Commissioner. The
27 size of the tax table brackets may change as the level of income

1 changes. The difference in tax between two tax table brackets
2 shall not exceed fifteen dollars. The Tax Commissioner may build
3 the personal exemption credit and standard deduction amounts into
4 the tax tables.

5 (6) 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 77-2716.01, Revised Statutes Supplement,
9 2000, is amended to read:

10 77-2716.01. (1) Every individual shall be allowed to
11 subtract from his or her income tax liability an amount for
12 personal exemptions. The amount allowed to be subtracted shall be
13 the credit amount for the year as provided in this section
14 multiplied by the number of exemptions allowed on the federal
15 return. For tax year 1993, the credit amount shall be sixty-five
16 dollars; for tax year 1994, the credit amount shall be sixty-nine
17 dollars; for tax year 1995, the credit amount shall be sixty-nine
18 dollars; for tax year 1996, the credit amount shall be seventy-two
19 dollars; for tax year 1997, the credit amount shall be eighty-six
20 dollars; for tax year 1998, the credit amount shall be eighty-eight
21 dollars; for tax year 1999, and each year thereafter, the credit
22 amount shall be adjusted for inflation by the method provided in
23 section 151 of the Internal Revenue Code of 1986, as amended. The
24 eighty-eight-dollar credit amount shall be adjusted for cumulative
25 inflation since 1998. If any credit amount is not an even dollar
26 amount, the amount shall be rounded to the nearest dollar. The
27 amount allowed for each personal exemption shall be reduced, but

1 not below zero, by five dollars for each five thousand dollars, or
2 portion thereof, that federal adjusted gross income exceeds ninety
3 thousand dollars for married filing joint returns, fifty-four
4 thousand dollars for single returns and married electing for
5 separate calculation returns, seventy-five thousand dollars for
6 head-of-household returns, and for married filing separate returns,
7 one-half the amount stated in this subsection for married filing
8 joint returns. For nonresident individuals and partial-year
9 resident individuals, the personal exemption credit shall be
10 subtracted as specified in subsection (3) of section 77-2715. For
11 tax year 1994 and each tax year thereafter, the income levels
12 stated in this subsection shall be adjusted for inflation by the
13 method provided in section 151 of the Internal Revenue Code of
14 1986, as amended. If any income level in this subsection is not a
15 multiple of one thousand dollars, the amount shall be rounded to
16 the next highest multiple of one thousand dollars.

17 (2) Every individual who did not itemize deductions on
18 his or her federal return shall be allowed to subtract from federal
19 adjusted gross income a standard deduction equal to the federal
20 standard deduction for the filing status used on the federal return
21 except as the amount is adjusted under section 77-2716.03 and
22 except for individuals filing single returns. Every individual
23 filing a single return who did not itemize deductions on his or her
24 federal return shall be allowed to subtract from federal adjusted
25 gross income a standard deduction equal to four thousand dollars as
26 adjusted under this subsection. For tax year 2003 and each tax
27 year thereafter, the standard deduction for individuals filing

1 single returns shall be adjusted for inflation by the method
2 provided in section 151 of the Internal Revenue Code of 1986, as
3 amended.

4 (3) Every husband and wife electing separate calculation
5 of tax liability shall each be allowed to subtract an amount equal
6 to the federal standard deduction for single individuals or shall
7 each be allowed to claim his or her portion of the itemized
8 deductions as allocated in section 77-2732. One spouse may not
9 subtract the standard deduction and the other spouse claim the
10 itemized deductions. For purposes of the adjustment under section
11 77-2716.03, the adjustment shall be made assuming each spouse filed
12 a single return.

13 (4) Every individual who itemized deductions on his or
14 her federal return shall be allowed to subtract from federal
15 adjusted gross income the greater of either the standard deduction
16 allowed in ~~subsection (2)~~ subsections (2) or (3) of this section or
17 the amount before the federal disallowance of his or her federal
18 itemized deductions, except for the amount deducted on the federal
19 return for state or local income taxes paid and the amount of any
20 adjustment required under section 77-2716.03.

21 Sec. 3. Section 77-2732, Reissue Revised Statutes of
22 Nebraska, is amended to read:

23 77-2732. (1) If the federal tax liability of husband or
24 wife is determined on separate federal returns, their tax
25 liabilities in this state shall be separately determined.

26 (2) Except as provided in ~~subsection (3)~~ subsections (3)
27 and (4) of this section, if the federal tax liability of husband

1 and wife is determined on a joint federal return, their tax
2 liability shall be determined in this state jointly and their tax
3 liability shall be joint and several.

4 (3) If the federal tax liability of husband and wife is
5 determined on a joint federal return and either husband or wife is
6 a nonresident individual or partial-year resident individual and
7 the other a resident individual, separate taxes shall be determined
8 on their separate tax liabilities in this state on such forms as
9 the Tax Commissioner shall prescribe and their tax liability shall
10 be separate unless both elect to determine their joint tax
11 liability in this state as if both were resident individuals, in
12 which case their tax liability shall be joint and several. If a
13 husband and wife file a joint federal income tax return but
14 determine their tax liabilities in this state separately, they
15 shall compute their tax liabilities in this state as if their
16 federal tax liabilities had been determined separately.

17 (4) A husband and wife may elect to have their income tax
18 liability calculated separately on the same return developed by the
19 Tax Commissioner. The election shall result in the separate
20 calculation of income tax liability which is then summed, resulting
21 in the total joint liability of the married couple. The
22 calculation for alternative minimum tax shall be performed using
23 the income, deductions, and credits of both the husband and wife
24 combined and any liability shall be added to the combined liability
25 of both. All credits shall be applied against the joint liability.
26 Upon election, the following items shall be allocated to each
27 spouse's separate tax calculations as follows:

1 (a) Income shall be allocated to the spouse who earned
2 the income or who owned the property that produced the income.
3 Income from property held jointly shall be allocated equally
4 between the spouses;

5 (b) Adjustments to federal adjusted gross income provided
6 in section 77-2716 shall be allocated to the spouse earning the
7 income or owning the property that results in the adjustment.
8 Adjustments resulting from property held jointly shall be allocated
9 equally between the spouses;

10 (c) Federal itemized deductions allowed under section
11 77-2716.01 with respect to a trade or business shall be allocated
12 to the spouse to whom the expense is attributable; and

13 (d) Other federal itemized deductions allowed under
14 section 77-2716.01 shall be allocated equally between the spouses.

15 (5) During the time a claim for credit or refund may be
16 filed pursuant to section 77-2793, a husband and wife electing to
17 be taxed as if both were residents of this state may revoke the
18 election by each filing a separate return on such forms and in such
19 manner as may be required by the Tax Commissioner.

20 Sec. 4. This act becomes operative for all taxable years
21 beginning or deemed to begin on or after January 1, 2002, under the
22 Internal Revenue Code of 1986, as amended.

23 Sec. 5. Original section 77-2732, Reissue Revised
24 Statutes of Nebraska, and sections 77-2715.02 and 77-2716.01,
25 Revised Statutes Supplement, 2000, are repealed."