

7 Sec. 12. Section 77-2715.02, Revised Statutes
8 Supplement, 2002, is amended to read:

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

14 (2) The following rate schedules are hereby established
15 for the Nebraska individual income tax and shall be in the
16 following form:

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

18 (i) \$0, \$2,400, \$17,000, and \$26,500, for single returns;

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

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

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

25 (v) \$0, \$500, \$4,700, and \$15,150, for estates and
26 trusts;

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

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

4 (d) For taxable years beginning or deemed to begin before
5 January 1, 2003, ~~and for taxable years beginning or deemed to begin~~
6 ~~on or after January 1, 2004,~~ under the Internal Revenue Code of
7 1986, as amended, the primary rate set by the Legislature shall be
8 multiplied by the following factors to compute the tax rates for
9 column D. The factors for the brackets, from lowest to highest
10 bracket, shall be .6784, .9432, 1.3541, and 1.8054;

11 (e) For taxable years beginning or deemed to begin on or
12 after January 1, 2003, ~~and before January 1, 2004,~~ under the
13 Internal Revenue Code of 1986, as amended, the primary rate set by
14 the Legislature shall be multiplied by the following factors to
15 compute the tax rates for column D. The factors for the brackets,
16 from lowest to highest bracket, shall be .6932, .9646, 1.3846, and
17 1.848;

18 (f) The amounts for column C shall be rounded to the
19 nearest dollar, and the amounts in column D shall be rounded to
20 hundredths of one percent; and

21 (g) One rate schedule shall be established for each
22 federal filing status.

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

25 A B C D E

26 Taxable income but not pay plus of the
27 over over amount over

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

4 (5) The Tax Commissioner shall prepare, from the rate
5 schedules, tax tables which can be used by a majority of the
6 taxpayers to determine their Nebraska tax liability. The design of
7 the tax tables shall be determined by the Tax Commissioner. The
8 size of the tax table brackets may change as the level of income
9 changes. The difference in tax between two tax table brackets
10 shall not exceed fifteen dollars. The Tax Commissioner may build
11 the personal exemption credit and standard deduction amounts into
12 the tax tables.

13 (6) The Tax Commissioner may require by rule and

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14 regulation that all taxpayers shall use the tax tables if their
15 income is less than the maximum income included in the tax tables.