

LEGISLATURE OF NEBRASKA

NINETY-NINTH LEGISLATURE

SECOND SESSION

**LEGISLATIVE BILL 968**

Introduced by Redfield, 12; Erdman, 47; Foley, 29; Friend, 10

Read first time January 9, 2006

Committee: Revenue

A BILL

1 FOR AN ACT relating to revenue and taxation; to amend section  
2 77-2715.02, Reissue Revised Statutes of Nebraska; to  
3 change income tax rate schedules as prescribed; to  
4 provide an operative date; to repeal the original  
5 section; and to declare an emergency.  
6 Be it enacted by the people of the State of Nebraska,

1           Section 1. Section 77-2715.02, Reissue Revised Statutes  
2 of Nebraska, is amended to read:

3           77-2715.02 (1) Whenever the primary rate is changed by  
4 the Legislature under section 77-2715.01, the Tax Commissioner  
5 shall update the rate schedules required in subsection (2) of this  
6 section to reflect the new primary rate and shall publish such  
7 updated schedules.

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

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

12           (i) ~~\$0, \$2,400, \$17,000, and \$26,500,~~ \$2,500, \$18,300,  
13 and \$28,500, for single returns;

14           (ii) ~~\$0, \$4,000, \$30,000, and \$46,750,~~ \$4,300, \$32,300,  
15 and \$50,400, for married filing joint returns;

16           (iii) ~~\$0, \$3,800, \$24,000, and \$35,000,~~ \$4,000, \$25,800,  
17 and \$37,700, for head-of-household returns;

18           (iv) ~~\$0, \$2,000, \$15,000, and \$23,375,~~ \$2,150, \$16,150,  
19 and \$25,200, for married filing separate returns; and

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

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

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

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

7           (e) For taxable years beginning or deemed to begin on  
 8 or after January 1, 2003, under the Internal Revenue Code of  
 9 1986, as amended, the primary rate set by the Legislature shall  
 10 be multiplied by the following factors to compute the tax rates  
 11 for column D. The factors for the brackets, from lowest to highest  
 12 bracket, shall be .6932, .9646, 1.3846, and 1.848;

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

16           (g) One rate schedule shall be established for each  
 17 federal filing status.

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

20	A	B	C	D	E
21	Taxable income	but not	pay	plus	of the
22	over	over			amount over

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

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

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

13           Sec. 2. This act becomes operative for taxable years  
14 beginning or deemed to begin on or after January 1, 2006, under the  
15 Internal Revenue Code of 1986, as amended.

16           Sec. 3. Original section 77-2715.02, Reissue Revised  
17 Statutes of Nebraska, is repealed.

18           Sec. 4. Since an emergency exists, this act takes effect  
19 when passed and approved according to law.