

LEGISLATURE OF NEBRASKA
ONE HUNDREDTH LEGISLATURE
SECOND SESSION

LEGISLATIVE BILL 1000

Introduced by Pirsch, 4.

Read first time January 16, 2008

Committee: Revenue

A BILL

1 FOR AN ACT relating to revenue and taxation; to amend sections
2 77-2715.02, 77-4212, and 84-612, Revised Statutes
3 Supplement, 2007; to change income tax calculations;
4 to change funding for the Property Tax Credit Act; to
5 transfer money from the Cash Reserve Fund; to harmonize
6 provisions; to repeal the original sections; and to
7 declare an emergency.

8 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 77-2715.02, Revised Statutes
2 Supplement, 2007, 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) For taxable years beginning or deemed to begin before
12 January 1, 2007, income amounts for columns A and E shall be:

13 (i) \$0, \$2,400, \$17,500, and \$27,000, for single returns;

14 (ii) \$0, \$4,000, \$31,000, and \$50,000, for married filing
15 joint returns;

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

18 (iv) \$0, \$2,000, \$15,500, and \$25,000, for married filing
19 separate returns; and

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

22 (b) For taxable years beginning or deemed to begin on or
23 after January 1, 2007, and before January 1, 2008, income amounts
24 for columns A and E shall be:

25 (i) \$0, \$2,400, \$17,500, and \$27,000, for single returns;

1 (ii) \$0, \$4,800, \$35,000, and \$54,000, for married filing
2 joint returns;

3 (iii) \$0, \$4,500, \$28,000, and \$40,000, for
4 head-of-household returns;

5 (iv) \$0, \$2,400, \$17,500, and \$27,000, for married filing
6 separate returns; and

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

9 (c) For taxable years beginning on or after January 1,
10 2008, income amounts for columns A and E shall be:

11 (i) \$0, \$5,000, \$17,500, and \$27,000, for single returns;

12 (ii) \$0, \$10,000, \$35,000, and \$54,000, for married
13 filing joint returns;

14 (iii) \$0, \$8,000, \$28,000, and \$40,000, for
15 head-of-household returns;

16 (iv) \$0, \$5,000, \$17,500, and \$27,000, for married filing
17 separate returns; and

18 (v) \$0, \$1,000, \$4,700, and \$15,150, for estates and
19 trusts;

20 ~~(e)~~ (d) The amount in column C shall be the total amount
21 of the tax imposed on income less than the amount in column A;

22 ~~(d)~~ (e) The amount in column D shall be the rate on the
23 income in excess of the amount in column E;

24 ~~(e)~~ (f) For taxable years beginning or deemed to begin
25 before January 1, 2003, under the Internal Revenue Code of 1986,

1 as amended, the primary rate set by the Legislature shall be
2 multiplied by the following factors to compute the tax rates for
3 column D. The factors for the brackets, from lowest to highest
4 bracket, shall be .6784, .9432, 1.3541, and 1.8054;

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

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

14 ~~(h)~~ (i) One rate schedule shall be established for each
15 federal filing status.

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

| | | | | | |
|----|----------------|---------|-----|------|-------------|
| 18 | A | B | C | D | E |
| 19 | Taxable income | but not | pay | plus | of the |
| 20 | over | over | | | amount over |

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

24 (5) The Tax Commissioner shall prepare, from the rate

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

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

12 Sec. 2. Section 77-4212, Revised Statutes Supplement,
13 2007, is amended to read:

14 77-4212 (1) For tax year 2007, the amount of relief
15 granted under the Property Tax Credit Act shall be one hundred five
16 million dollars. For tax year 2008, the amount of relief granted
17 under the act shall be ~~one~~ two hundred fifteen million dollars. It
18 is the intent of the Legislature to fund the Property Tax Credit
19 Act for tax years after tax year 2008 using available revenue. The
20 relief shall be in the form of a property tax credit which appears
21 on the property tax statement.

22 (2) To determine the amount of the property tax credit,
23 the county treasurer shall multiply the amount disbursed to the
24 county under subsection (4) of this section by the ratio of the
25 real property valuation of the parcel to the total real property

1 valuation in the county. The amount determined shall be the
2 property tax credit for the property.

3 (3) If the real property owner qualifies for a homestead
4 exemption under sections 77-3501 to 77-3529, the owner shall also
5 be qualified for the relief provided in the act to the extent of
6 any remaining liability after calculation of the relief provided by
7 the homestead exemption. If the credit results in a property tax
8 liability on the homestead that is less than zero, the amount of
9 the credit which cannot be used by the taxpayer shall be returned
10 to the State Treasurer by July 1 of the year the amount disbursed
11 to the county was disbursed. The State Treasurer shall immediately
12 credit any funds returned under this section to the Property Tax
13 Credit Cash Fund.

14 (4) The amount disbursed to each county shall be equal to
15 the amount available for disbursement determined under subsection
16 (1) of this section multiplied by the ratio of the real property
17 valuation in the county to the real property valuation in the
18 state. By September 15, the Property Tax Administrator shall
19 determine the amount to be disbursed under this subsection to each
20 county and certify such amounts to the State Treasurer and to each
21 county. The disbursements to the counties shall occur in two equal
22 payments, the first on or before January 31 and the second on or
23 before April 1. After retaining one percent of the receipts for
24 costs, the county treasurer shall allocate the remaining receipts
25 to each taxing unit levying taxes on taxable property in the

1 tax district in which the real property is located in the same
2 proportion that the levy of such taxing unit bears to the total
3 levy on taxable property of all the taxing units in the tax
4 district in which the real property is located.

5 (5) The State Treasurer shall transfer from the General
6 Fund to the Property Tax Credit Cash Fund one hundred five million
7 dollars by August 1, 2007, and one hundred ~~fifteen~~ twenty-eight
8 million dollars by August 1, 2008. The State Treasurer shall
9 transfer from the Cash Reserve Fund to the Property Tax Credit Cash
10 Fund eighty-seven million dollars by August 1, 2008.

11 (6) The Legislature shall have the power to transfer
12 funds from the Property Tax Credit Cash Fund to the General Fund.

13 Sec. 3. Section 84-612, Revised Statutes Supplement,
14 2007, is amended to read:

15 84-612 (1) There is hereby created within the state
16 treasury a fund known as the Cash Reserve Fund which shall be under
17 the direction of the State Treasurer. The fund shall only be used
18 pursuant to this section.

19 (2) The State Treasurer shall transfer funds from the
20 Cash Reserve Fund to the General Fund upon certification by the
21 Director of Administrative Services that the current cash balance
22 in the General Fund is inadequate to meet current obligations. Such
23 certification shall include the dollar amount to be transferred.
24 Any transfers made pursuant to this subsection shall be reversed
25 upon notification by the Director of Administrative Services that

1 sufficient funds are available.

2 (3) The State Treasurer, at the direction of the
3 budget administrator of the budget division of the Department
4 of Administrative Services, shall transfer such amounts not to
5 exceed seven million seven hundred fifty-three thousand two hundred
6 sixty-three dollars in total from the Cash Reserve Fund to the
7 Nebraska Capital Construction Fund between July 1, 2003, and June
8 30, 2007.

9 (4) The State Treasurer, at the direction of the budget
10 administrator, shall transfer an amount equal to the total amount
11 transferred pursuant to subsection (3) of this section from the
12 General Fund to the Cash Reserve Fund on or before June 30, 2008.

13 (5) In addition to receiving transfers from other funds,
14 the Cash Reserve Fund shall receive federal funds received by the
15 State of Nebraska for undesignated general government purposes,
16 federal revenue sharing, or general fiscal relief of the state.

17 (6) On June 15, 2007, the State Treasurer shall transfer
18 fifteen million six hundred seventy-four thousand one hundred seven
19 dollars from the Cash Reserve Fund to the General Fund.

20 (7) On June 16, 2008, the State Treasurer shall transfer
21 seventeen million nine hundred thirty-one thousand thirty dollars
22 from the Cash Reserve Fund to the General Fund.

23 (8) On June 15, 2009, the State Treasurer shall transfer
24 four million nine hundred ninety thousand five hundred five dollars
25 from the Cash Reserve Fund to the General Fund.

1 (9) On or before June 16, 2008, the State Treasurer, at
2 the direction of the budget administrator, shall transfer fifty
3 million dollars from the Cash Reserve Fund to the General Fund.

4 (10) On or before June 16, 2009, the State Treasurer,
5 at the direction of the budget administrator, shall transfer fifty
6 million dollars from the Cash Reserve Fund to the General Fund.

7 (11) From the effective date of an endowment agreement
8 as defined in subdivision (3)(c) of section 79-1101 until June
9 30, 2007, forty million dollars of the Cash Reserve Fund shall be
10 deemed to constitute the Early Childhood Education Endowment Fund.
11 Such funds shall remain part of the Cash Reserve Fund for all
12 purposes, except that the interest earned on such forty million
13 dollars shall accrue as provided in section 84-613.

14 (12) The State Treasurer, at the direction of the budget
15 administrator, shall transfer such amounts, as certified by the
16 Director of Administrative Services, for employee health insurance
17 claims and expenses, not to exceed twelve million dollars in total
18 from the Cash Reserve Fund to the State Employees Insurance Fund
19 between May 1, 2007, and June 30, 2011.

20 (13) On July 9, 2007, the State Treasurer shall transfer
21 twelve million dollars from the Cash Reserve Fund to the Nebraska
22 Capital Construction Fund.

23 (14) On July 9, 2007, the State Treasurer shall transfer
24 five million dollars from the Cash Reserve Fund to the Job Training
25 Cash Fund. The State Treasurer shall transfer from the Job Training

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1 Cash Fund to the Cash Reserve Fund such amounts as directed in
2 section 81-1201.21.

3 (15) On July 7, 2008, the State Treasurer shall transfer
4 five million dollars from the Cash Reserve Fund to the Job Training
5 Cash Fund. The State Treasurer shall transfer from the Job Training
6 Cash Fund to the Cash Reserve Fund such amounts as directed in
7 section 81-1201.21.

8 (16) On or before August 1, 2007, the State Treasurer,
9 at the direction of the budget administrator, shall transfer
10 seventy-five million dollars from the Cash Reserve Fund to the
11 Nebraska Capital Construction Fund.

12 (17) On or before June 30, 2009, the State Treasurer
13 shall transfer nine million five hundred ninety thousand dollars
14 from the Cash Reserve Fund to the Nebraska Capital Construction
15 Fund.

16 (18) The State Treasurer, at the direction of the budget
17 administrator, shall transfer an amount equal to the total amount
18 transferred pursuant to subsection (12) of this section from
19 the appropriate health insurance accounts of the State Employees
20 Insurance Fund in such amounts as certified by the Director of
21 Administrative Services to the Cash Reserve Fund on or before June
22 30, 2011.

23 (19) On July 9, 2007, the State Treasurer shall
24 transfer one million dollars from the Cash Reserve Fund to the
25 Microenterprise Development Cash Fund.

1 (20) On July 9, 2007, the State Treasurer shall transfer
2 two hundred fifty thousand dollars from the Cash Reserve Fund to
3 the Building Entrepreneurial Communities Cash Fund.

4 (21) On July 7, 2008, the State Treasurer shall
5 transfer one million dollars from the Cash Reserve Fund to the
6 Microenterprise Development Cash Fund.

7 (22) On July 7, 2008, the State Treasurer shall transfer
8 two hundred fifty thousand dollars from the Cash Reserve Fund to
9 the Building Entrepreneurial Communities Cash Fund.

10 (23) By August 1, 2008, the State Treasurer shall
11 transfer funds from the Cash Reserve Fund to the Property Tax
12 Credit Cash Fund as required in section 77-4212.

13 (24) By June 30, 2008, the State Treasurer shall transfer
14 thirty-three million dollars from the Cash Reserve Fund to the
15 General Fund.

16 (25) By June 30, 2009, the State Treasurer shall transfer
17 thirty-three million dollars from the Cash Reserve Fund to the
18 General Fund.

19 (26) By June 30, 2010, the State Treasurer shall transfer
20 thirty-three million dollars from the Cash Reserve Fund to the
21 General Fund.

22 Sec. 4. Original sections 77-2715.02, 77-4212, and
23 84-612, Revised Statutes Supplement, 2007, are repealed.

24 Sec. 5. Since an emergency exists, this act takes effect
25 when passed and approved according to law.