

LEGISLATURE OF NEBRASKA
ONE HUNDRED FIFTH LEGISLATURE
SECOND SESSION

LEGISLATIVE BILL 1090

FINAL READING

Introduced by Smith, 14.

Read first time January 18, 2018

Committee: Revenue

- 1 A BILL FOR AN ACT relating to revenue and taxation; to amend section
- 2 77-2716.01, Reissue Revised Statutes of Nebraska, and section
- 3 77-2715.03, Revised Statutes Cumulative Supplement, 2016; to change
- 4 provisions relating to income tax brackets, personal exemptions,
- 5 standard deductions, and itemized deductions; to harmonize
- 6 provisions; and to repeal the original sections.
- 7 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 77-2715.03, Revised Statutes Cumulative
2 Supplement, 2016, is amended to read:

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

6 Individual Income Tax Brackets and Rates

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

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

20 Individual Income Tax Brackets and Rates

21 Bracket	Single	Married,	Head of	Married,	Estates	Tax
22 Number	Individuals	Filing	Household	Filing	and	Rate
		Jointly		Separate	Trusts	
24 1	\$0-2,999	\$0-5,999	\$0-5,599	\$0-2,999	\$0-499	2.46%
25 2	\$3,000-	\$6,000-	\$5,600-	\$3,000-	\$500-	
26	17,999	35,999	28,799	17,999	4,699	3.51%
27 3	\$18,000-	\$36,000-	\$28,800-	\$18,000-	\$4,700-	
28	28,999	57,999	42,999	28,999	15,149	5.01%
29 4	\$29,000	\$58,000	\$43,000	\$29,000	\$15,150	
30	and Over	and Over	and Over	and Over	and Over	6.84%

1 (3)(a) For taxable years beginning or deemed to begin on or after
2 January 1, 2015, the minimum and maximum dollar amounts for each income
3 tax bracket provided in subsection (2) of this section shall be adjusted
4 for inflation by the percentage determined under subdivision (3)(b) of
5 this section. The rate applicable to any such income tax bracket shall
6 not be changed as part of any adjustment under this subsection. The
7 minimum and maximum dollar amounts for each income tax bracket as
8 adjusted shall be rounded to the nearest ten-dollar amount. If the
9 adjusted amount for any income tax bracket ends in a five, it shall be
10 rounded up to the nearest ten-dollar amount.

11 (b)(i) For taxable years beginning or deemed to begin on or after
12 January 1, 2015, and before January 1, 2018, the (b) The Tax Commissioner
13 shall adjust the income tax brackets by the percentage determined
14 pursuant to the provisions of section 1(f) of the Internal Revenue Code
15 of 1986, as it existed prior to December 22, 2017 amended, except that in
16 section 1(f)(3)(B) of the code the year 2013 shall be substituted for the
17 year 1992. For 2015, the Tax Commissioner shall then determine the
18 percent change from the twelve months ending on August 31, 2013, to the
19 twelve months ending on August 31, 2014, and in each subsequent year,
20 from the twelve months ending on August 31, 2013, to the twelve months
21 ending on August 31 of the year preceding the taxable year. The Tax
22 Commissioner shall prescribe new tax rate schedules that apply in lieu of
23 the schedules set forth in subsection (2) of this section.

24 (ii) For taxable years beginning or deemed to begin on or after
25 January 1, 2018, the Tax Commissioner shall adjust the income tax
26 brackets based on the percentage change in the Consumer Price Index for
27 All Urban Consumers published by the federal Bureau of Labor Statistics
28 from the twelve months ending on August 31, 2016, to the twelve months
29 ending on August 31 of the year preceding the taxable year. The Tax
30 Commissioner shall prescribe new tax rate schedules that apply in lieu of
31 the schedules set forth in subsection (2) of this section.

1 (4) Whenever the tax brackets or tax rates are changed by the
2 Legislature, the Tax Commissioner shall update the tax rate schedules to
3 reflect the new tax brackets or tax rates and shall publish such updated
4 schedules.

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

13 (6) For taxable years beginning or deemed to begin on or after
14 January 1, 2013, the tax rate applied to other federal taxes included in
15 the computation of the Nebraska individual income tax shall be 29.6
16 percent.

17 (7) The Tax Commissioner may require by rule and regulation that all
18 taxpayers shall use the tax tables if their income is less than the
19 maximum income included in the tax tables.

20 Sec. 2. Section 77-2716.01, Reissue Revised Statutes of Nebraska, is
21 amended to read:

22 77-2716.01 (1)(a) Through tax year 2017, every ~~(1) Every~~ individual
23 shall be allowed to subtract from his or her income tax liability an
24 amount for personal exemptions. The amount allowed to be subtracted shall
25 be the credit amount for the year as provided in this subdivision ~~section~~
26 multiplied by the number of exemptions allowed on the federal return. For
27 tax year 1993, the credit amount shall be sixty-five dollars; for tax
28 year 1994, the credit amount shall be sixty-nine dollars; for tax year
29 1995, the credit amount shall be sixty-nine dollars; for tax year 1996,
30 the credit amount shall be seventy-two dollars; for tax year 1997, the
31 credit amount shall be eighty-six dollars; for tax year 1998, the credit

1 amount shall be eighty-eight dollars; for tax year 1999, and each year
2 thereafter through tax year 2017, the credit amount shall be adjusted for
3 inflation by the method provided in section 151 of the Internal Revenue
4 Code of 1986, as it existed prior to December 22, 2017 amended. The
5 eighty-eight-dollar credit amount shall be adjusted for cumulative
6 inflation since 1998. If any credit amount is not an even dollar amount,
7 the amount shall be rounded to the nearest dollar. For nonresident
8 individuals and partial-year resident individuals, the personal exemption
9 credit shall be subtracted as specified in subsection (3) of section
10 77-2715.

11 (b) Beginning with tax year 2018, every individual, except an
12 individual that can be claimed for a child credit or dependent credit on
13 the federal return of another taxpayer, shall be allowed to subtract from
14 his or her income tax liability an amount for personal exemptions. The
15 amount allowed to be subtracted shall be the credit amount for the year
16 as provided in this subdivision multiplied by the sum of the number of
17 child credits and dependent credits taken on the federal return, plus two
18 for a married filing jointly return or plus one for a single or head of
19 household return. For tax year 2018, the credit amount shall be one
20 hundred thirty-four dollars. For tax year 2019 and each tax year
21 thereafter, the credit amount shall be adjusted for inflation based on
22 the percentage change in the Consumer Price Index for All Urban Consumers
23 published by the federal Bureau of Labor Statistics from the twelve
24 months ending on August 31, 2017, to the twelve months ending on August
25 31 of the year preceding the taxable year. If any credit amount is not an
26 even dollar amount, the amount shall be rounded to the nearest dollar.
27 For nonresident individuals and partial-year resident individuals, the
28 personal exemption credit shall be subtracted as specified in subsection
29 (3) of section 77-2715.

30 (2)(a) For tax years beginning or deemed to begin on or after
31 January 1, 2003, and before January 1, 2004, under the Internal Revenue

1 Code of 1986, as amended, every individual who did not itemize deductions
2 on his or her federal return shall be allowed to subtract from federal
3 adjusted gross income a standard deduction based on the filing status
4 used on the federal return except as the amount is adjusted under section
5 77-2716.03. The standard deduction shall be the smaller of the federal
6 standard deduction actually allowed or (i) for single taxpayers four
7 thousand seven hundred fifty dollars, (ii) for head of household
8 taxpayers seven thousand dollars, (iii) for married filing jointly
9 taxpayers seven thousand nine hundred fifty dollars, and (iv) for married
10 filing separately taxpayers three thousand nine hundred seventy-five
11 dollars. Taxpayers who are allowed additional federal standard deduction
12 amounts because of age or blindness shall be allowed an increase in the
13 Nebraska standard deduction for each additional amount allowed on the
14 federal return. The additional amounts shall be for married taxpayers,
15 nine hundred fifty dollars, and for single or head of household
16 taxpayers, one thousand one hundred fifty dollars.

17 (b) For tax years beginning or deemed to begin on or after January
18 1, 2007, and before January 1, 2018, under the Internal Revenue Code of
19 1986, as amended, every individual who did not itemize deductions on his
20 or her federal return shall be allowed to subtract from federal adjusted
21 gross income a standard deduction based on the filing status used on the
22 federal return. The standard deduction shall be the smaller of the
23 federal standard deduction actually allowed or (i) for single taxpayers
24 three thousand dollars and (ii) for head of household taxpayers four
25 thousand four hundred dollars. The standard deduction for married filing
26 jointly taxpayers shall be double the standard deduction for single
27 taxpayers, and for married filing separately taxpayers, the standard
28 deduction shall be the same as single taxpayers. Taxpayers who are
29 allowed additional federal standard deduction amounts because of age or
30 blindness shall be allowed an increase in the Nebraska standard deduction
31 for each additional amount allowed on the federal return. The additional

1 amounts shall be for married taxpayers six hundred dollars and for single
2 or head of household taxpayers seven hundred fifty dollars. The amounts
3 in this subdivision will be indexed using 1987 as the base year.

4 (c) For tax years beginning or deemed to begin on or after January
5 1, 2007, and before January 1, 2018, the standard deduction amounts,
6 including the additional standard deduction amounts, in this subsection
7 shall be adjusted for inflation by the method provided in section 151 of
8 the Internal Revenue Code of 1986, as it existed prior to December 22,
9 2017 amended. If any amount is not a multiple of fifty dollars, the
10 amount shall be rounded to the next lowest multiple of fifty dollars.

11 (3)(a) For tax years beginning or deemed to begin on or after
12 January 1, 2018, every individual who did not itemize deductions on his
13 or her federal return shall be allowed to subtract from federal adjusted
14 gross income a standard deduction based on the filing status used on the
15 federal return. The standard deduction shall be the smaller of the
16 federal standard deduction actually allowed or (i) six thousand seven
17 hundred fifty dollars for single taxpayers and (ii) nine thousand nine
18 hundred dollars for head of household taxpayers. The standard deduction
19 for married filing jointly taxpayers shall be double the standard
20 deduction for single taxpayers, and the standard deduction for married
21 filing separately taxpayers shall be the same as the standard deduction
22 for single taxpayers. Taxpayers who are allowed additional federal
23 standard deduction amounts because of age or blindness shall be allowed
24 an increase in the Nebraska standard deduction for each additional amount
25 allowed on the federal return. The additional amounts shall be one
26 thousand three hundred dollars for married taxpayers and one thousand six
27 hundred dollars for single or head of household taxpayers.

28 (b) For tax years beginning or deemed to begin on or after January
29 1, 2019, the standard deduction amounts, including the additional
30 standard deduction amounts, in this subsection shall be adjusted for
31 inflation based on the percentage change in the Consumer Price Index for

1 All Urban Consumers published by the federal Bureau of Labor Statistics
2 from the twelve months ending on August 31, 2017, to the twelve months
3 ending on August 31 of the year preceding the taxable year. If any amount
4 is not a multiple of fifty dollars, the amount shall be rounded to the
5 next lowest multiple of fifty dollars.

6 (4) ~~(3)~~ Every individual who itemized deductions on his or her
7 federal return shall be allowed to subtract from federal adjusted gross
8 income the greater of either the standard deduction allowed in ~~subsection~~
9 ~~(2)~~ of this section or his or her federal itemized deductions as defined
10 in section 63(d) of the Internal Revenue Code of 1986, as amended, except
11 for the amount for state or local income taxes included in federal
12 itemized deductions before any federal disallowance.

13 Sec. 3. Original section 77-2716.01, Reissue Revised Statutes of
14 Nebraska, and section 77-2715.03, Revised Statutes Cumulative Supplement,
15 2016, are repealed.