

LEGISLATURE OF NEBRASKA
ONE HUNDRED FIFTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 452

Introduced by Lindstrom, 18; Smith, 14.

Read first time January 17, 2017

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 sections
3 77-382, 77-2701.16, 77-2715.01, 77-2715.03, and 77-2734.02, Revised
4 Statutes Cumulative Supplement, 2016; to change provisions relating
5 to a tax expenditure report; to impose sales and use taxes on
6 certain services; to provide duties for the Tax Rate Review
7 Committee; to change income tax rates and personal exemption
8 amounts; to harmonize provisions; to provide an operative date; to
9 repeal the original sections; and to outright repeal sections
10 77-2704.07, 77-2704.14, and 77-2704.38, Reissue Revised Statutes of
11 Nebraska.
12 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 77-382, Revised Statutes Cumulative Supplement,
2 2016, is amended to read:

3 77-382 (1) The department shall prepare a tax expenditure report
4 describing (a) the basic provisions of the Nebraska tax laws, (b) the
5 actual or estimated revenue loss caused by the exemptions, deductions,
6 exclusions, deferrals, credits, and preferential rates in effect on July
7 1 of each year and allowed under Nebraska's tax structure and in the
8 property tax, (c) the actual or estimated revenue loss caused by failure
9 to impose sales and use tax on services purchased for nonbusiness use,
10 and (d) the elements which make up the tax base for state and local
11 income, including income, sales and use, property, and miscellaneous
12 taxes.

13 (2) The department shall review the major tax exemptions for which
14 state general funds are used to reduce the impact of revenue lost due to
15 a tax expenditure. The report shall indicate an estimate of the amount of
16 the reduction in revenue resulting from the operation of all tax
17 expenditures. The report shall list each tax expenditure relating to
18 sales and use tax under the following categories:

19 (a) Agriculture, which shall include a separate listing for the
20 following items: Agricultural machinery; agricultural chemicals; seeds
21 sold to commercial producers; water for irrigation and manufacturing;
22 commercial artificial insemination; mineral oil as dust suppressant;
23 animal grooming; oxygen for use in aquaculture; animal life whose
24 products constitute food for human consumption; and grains;

25 (b) Business across state lines, which shall include a separate
26 listing for the following items: Property shipped out-of-state;
27 fabrication labor for items to be shipped out-of-state; property to be
28 transported out-of-state; property purchased in other states to be used
29 in Nebraska; aircraft delivery to an out-of-state resident or business;
30 state reciprocal agreements for industrial machinery; and property taxed
31 in another state;

1 (c) Common carrier and logistics, which shall include a separate
2 listing for the following items: Railroad rolling stock and repair parts
3 and services; common or contract carriers and repair parts and services;
4 common or contract carrier accessories; and common or contract carrier
5 safety equipment;

6 (d) Consumer goods, which shall include a separate listing for the
7 following items: Motor vehicles and motorboat trade-ins; merchandise
8 trade-ins; certain medical equipment and medicine; ~~newspapers;~~
9 ~~laundromats;~~ telefloral deliveries; motor vehicle discounts for the
10 disabled; and political campaign fundraisers;

11 (e) Energy, which shall include a separate listing for the following
12 items: Motor fuels; energy used in industry; energy used in agriculture;
13 aviation fuel; and minerals, oil, and gas severed from real property;

14 (f) Food, which shall include a separate listing for the following
15 items: Food for home consumption; Supplemental Nutrition Assistance
16 Program; school lunches; meals sold by hospitals; meals sold by
17 institutions at a flat rate; food for the elderly, handicapped, and
18 Supplemental Security Income recipients; and meals sold by churches;

19 (g) General business, which shall include a separate listing for the
20 following items: Component and ingredient parts; manufacturing machinery;
21 containers; film rentals; molds and dies; syndicated programming;
22 intercompany sales; intercompany leases; sale of a business or farm
23 machinery; and transfer of property in a change of business ownership;

24 (h) Lodging and shelter, which shall include a separate listing for
25 the following item: Room rentals by certain institutions;

26 (i) Miscellaneous, which shall include a separate listing for the
27 following items: Cash discounts and coupons; separately stated finance
28 charges; casual sales; lease-to-purchase agreements; and separately
29 stated taxes;

30 (j) Nonprofits, governments, and exempt entities, which shall
31 include a separate listing for the following items: Purchases by

1 political subdivisions of the state; purchases by churches and nonprofit
2 colleges and medical facilities; purchasing agents for public real estate
3 construction improvements; contractor as purchasing agent for public
4 agencies; ~~Nebraska lottery~~; admissions to school events; sales on Native
5 American Indian reservations; school-supporting fundraisers; fine art
6 purchases by a museum; purchases by the Nebraska State Fair Board;
7 purchases by the Nebraska Investment Finance Authority and licensees of
8 the State Racing Commission; purchases by the United States Government;
9 public records; and sales by religious organizations;

10 (k) Recent sales tax expenditures, which shall include a separate
11 listing for each sales tax expenditure created by statute or rule and
12 regulation after July 19, 2012;

13 (l) Services purchased for nonbusiness use, which shall include a
14 separate listing for each such service, including, but not limited to,
15 the following items: Motor vehicle cleaning, ~~maintenance, and repair~~
16 ~~services~~; cleaning and repair of clothing; cleaning, maintenance, and
17 repair of other tangible personal property; maintenance, painting, and
18 repair of real property; entertainment admissions; ~~personal care~~
19 ~~services~~; lawn care, gardening, and landscaping services; pet-related
20 services; ~~storage and moving services~~; household utilities; other
21 personal services; ~~taxi, limousine, and other transportation services~~;
22 legal services; accounting services; other professional services; and
23 other real estate services; and

24 (m) Telecommunications, which shall include a separate listing for
25 the following items: Telecommunications access charges; prepaid calling
26 arrangements; conference bridging services; and nonvoice data services.

27 (3) It is the intent of the Legislature that nothing in the Tax
28 Expenditure Reporting Act shall cause the valuation or assessment of any
29 property exempt from taxation on the basis of its use exclusively for
30 religious, educational, or charitable purposes.

31 Sec. 2. Section 77-2701.16, Revised Statutes Cumulative Supplement,

1 2016, is amended to read:

2 77-2701.16 (1) Gross receipts means the total amount of the sale or
3 lease or rental price, as the case may be, of the retail sales of
4 retailers.

5 (2) Gross receipts of every person engaged as a public utility
6 specified in this subsection, as a community antenna television service
7 operator, or as a satellite service operator or any person involved in
8 connecting and installing services defined in subdivision (2)(a), (b), or
9 (d) of this section means:

10 (a)(i) In the furnishing of telephone communication service, other
11 than mobile telecommunications service as described in section
12 77-2703.04, the gross income received from furnishing ancillary services,
13 except for conference bridging services, and intrastate
14 telecommunications services, except for value-added, nonvoice data
15 service.

16 (ii) In the furnishing of mobile telecommunications service as
17 described in section 77-2703.04, the gross income received from
18 furnishing mobile telecommunications service that originates and
19 terminates in the same state to a customer with a place of primary use in
20 Nebraska;

21 (b) In the furnishing of telegraph service, the gross income
22 received from the furnishing of intrastate telegraph services;

23 (c)(i) In the furnishing of gas, sewer, water, and electricity
24 service, other than electricity service to a customer-generator as
25 defined in section 70-2002, the gross income received from the furnishing
26 of such services upon billings or statements rendered to consumers for
27 such utility services.

28 (ii) In the furnishing of electricity service to a customer-
29 generator as defined in section 70-2002, the net energy use upon billings
30 or statements rendered to customer-generators for such electricity
31 service;

1 (d) In the furnishing of community antenna television service or
2 satellite service, the gross income received from the furnishing of such
3 community antenna television service as regulated under sections 18-2201
4 to 18-2205 or 23-383 to 23-388 or satellite service; and

5 (e) The gross income received from the provision, installation,
6 construction, servicing, or removal of property used in conjunction with
7 the furnishing, installing, or connecting of any public utility services
8 specified in subdivision (2)(a) or (b) of this section or community
9 antenna television service or satellite service specified in subdivision
10 (2)(d) of this section, except when acting as a subcontractor for a
11 public utility, this subdivision does not apply to the gross income
12 received by a contractor electing to be treated as a consumer of building
13 materials under subdivision (2) or (3) of section 77-2701.10 for any such
14 services performed on the customer's side of the utility demarcation
15 point.

16 (3) Gross receipts of every person engaged in selling, leasing, or
17 otherwise providing intellectual or entertainment property means:

18 (a) In the furnishing of computer software, the gross income
19 received, including the charges for coding, punching, or otherwise
20 producing any computer software and the charges for the tapes, disks,
21 punched cards, or other properties furnished by the seller; and

22 (b) In the furnishing of videotapes, movie film, satellite
23 programming, satellite programming service, and satellite television
24 signal descrambling or decoding devices, the gross income received from
25 the license, franchise, or other method establishing the charge.

26 (4) Gross receipts for providing a service means:

27 (a) The gross income received for building cleaning and maintenance,
28 pest control, and security;

29 (b) The gross income received for motor vehicle repair, washing,
30 waxing, towing, and painting;

31 (c) The gross income received for computer software training;

1 (d) The gross income received for installing and applying tangible
2 personal property if the sale of the property is subject to tax. If any
3 or all of the charge for installation is free to the customer and is paid
4 by a third-party service provider to the installer, any tax due on that
5 part of the activation commission, finder's fee, installation charge, or
6 similar payment made by the third-party service provider shall be paid
7 and remitted by the third-party service provider;

8 (e) The gross income received for services of recreational vehicle
9 parks;

10 (f) The gross income received for labor for repair or maintenance
11 services performed with regard to tangible personal property the sale of
12 which would be subject to sales and use taxes, ~~excluding motor vehicles,~~
13 except as otherwise provided in section 77-2704.26 or 77-2704.50;

14 (g) The gross income received for animal specialty services except
15 (i) veterinary services, (ii) specialty services performed on livestock
16 as defined in section 54-183, and (iii) animal grooming performed by a
17 licensed veterinarian or a licensed veterinary technician in conjunction
18 with medical treatment; ~~and~~

19 (h) The gross income received for detective services; ~~+~~

20 (i) The gross income received for storage and moving services;

21 (j) The gross income received for personal care services, including
22 hair care, hair removal, massage, nail care, skin care, tanning, tattoos,
23 other body modifications, and other beauty and personal care services;

24 (k) The gross income received for local taxi, limousine, or other
25 luxury vehicle services and any other local ground transportation
26 services provided by motor vehicle; and

27 (l) The gross income received for dry cleaning and other laundry
28 services, including any coin-operated machines used for dry cleaning or
29 other laundry services.

30 (5) Gross receipts includes the sale of admissions. When an
31 admission to an activity or a membership constituting an admission is

1 combined with the solicitation of a contribution, the portion or the
2 amount charged representing the fair market price of the admission shall
3 be considered a retail sale subject to the tax imposed by section
4 77-2703. The organization conducting the activity shall determine the
5 amount properly attributable to the purchase of the privilege, benefit,
6 or other consideration in advance, and such amount shall be clearly
7 indicated on any ticket, receipt, or other evidence issued in connection
8 with the payment.

9 (6) Gross receipts includes the sale of live plants incorporated
10 into real estate except when such incorporation is incidental to the
11 transfer of an improvement upon real estate or the real estate.

12 (7) Gross receipts includes the sale of any building materials
13 annexed to real estate by a person electing to be taxed as a retailer
14 pursuant to subdivision (1) of section 77-2701.10.

15 (8) Gross receipts includes the sale of and recharge of prepaid
16 calling service and prepaid wireless calling service.

17 (9) Gross receipts includes the retail sale of digital audio works,
18 digital audiovisual works, digital codes, and digital books delivered
19 electronically if the products are taxable when delivered on tangible
20 storage media. A sale includes the transfer of a permanent right of use,
21 the transfer of a right of use that terminates on some condition, and the
22 transfer of a right of use conditioned upon the receipt of continued
23 payments.

24 (10) Gross receipts does not include:

25 (a) The amount of any rebate granted by a motor vehicle or motorboat
26 manufacturer or dealer at the time of sale of the motor vehicle or
27 motorboat, which rebate functions as a discount from the sales price of
28 the motor vehicle or motorboat; or

29 (b) The price of property or services returned or rejected by
30 customers when the full sales price is refunded either in cash or credit.

31 Sec. 3. Section 77-2715.01, Revised Statutes Cumulative Supplement,

1 2016, is amended to read:

2 77-2715.01 (1)(a) Commencing in 1987 the Legislature shall set the
3 rates for the income tax imposed by section 77-2715 and the rate of the
4 sales tax imposed by subsection (1) of section 77-2703. For taxable years
5 beginning or deemed to begin before January 1, 2013, the rate of the
6 income tax set by the Legislature shall be considered the primary rate
7 for establishing the tax rate schedules used to compute the tax.

8 (b) The Legislature shall set the rates of the sales tax and income
9 tax so that the estimated funds available plus estimated receipts from
10 the sales, use, income, and franchise taxes will be not less than three
11 percent nor more than seven percent in excess of the appropriations and
12 express obligations for the biennium for which the appropriations are
13 made. The purpose of this subdivision is to insure that there shall be
14 maintained in the state treasury an adequate General Fund balance,
15 considering cash flow, to meet the appropriations and express obligations
16 of the state.

17 (c) For purposes of this section, express obligation shall mean an
18 obligation which has fiscal impact identifiable by a sum certain or by an
19 established percentage or other determinative factor or factors.

20 (2)(a) ~~(2)~~ The Speaker of the Legislature and the chairpersons of
21 the Legislature's Executive Board, Revenue Committee, and Appropriations
22 Committee shall constitute a committee to be known as the Tax Rate Review
23 Committee. The Tax Rate Review Committee shall meet with the Tax
24 Commissioner within ten days after July 15 and November 15 of each year
25 and shall determine whether the rates for sales tax and income tax should
26 be changed. In making such determination the committee shall recalculate
27 the requirements pursuant to the formula set forth in subsection (1) of
28 this section, taking into consideration the appropriations and express
29 obligations for any session, all miscellaneous claims, deficiency bills,
30 and all emergency appropriations. The committee shall prepare an annual
31 report of its determinations under this section. The committee shall

1 submit such report electronically to the Legislature and shall append the
2 tax expenditure report required under section 77-382 and the revenue
3 volatility report required under section 50-419.02.

4 (b) In the event it is determined by a majority vote of the
5 committee that the rates must be changed as a result of a regular or
6 special session or as a result of a change in the Internal Revenue Code
7 of 1986 and amendments thereto, other provisions of the laws of the
8 United States relating to federal income taxes, and the rules and
9 regulations issued under such laws, the committee shall petition the
10 Governor to call a special session of the Legislature to make whatever
11 rate changes may be necessary.

12 (3) Beginning in November 2019 and each November thereafter through
13 2026, the Tax Rate Review Committee shall also examine the expected rate
14 of growth in net General Fund receipts from the current fiscal year to
15 the upcoming fiscal year, as determined by the Nebraska Economic
16 Forecasting Advisory Board. If the expected rate of growth in net General
17 Fund receipts does not exceed three and one-half percent for the upcoming
18 fiscal year, the Tax Rate Review Committee shall declare that the income
19 tax rate reduction under section 77-2715.03 that was to begin for taxable
20 years beginning or deemed to begin on or after the following January 1
21 will be deferred. If the Tax Rate Review Committee declares an income tax
22 rate reduction deferral, the Tax Commissioner shall prepare tax tables as
23 required in section 77-2715.03 and withholding tables as required in
24 section 77-2753 reflecting no change in rates from the preceding tax
25 year.

26 (4) For 2020 through 2026, an income tax rate reduction deferral
27 declared under subsection (3) of this section shall remain in effect
28 until the Tax Rate Review Committee finds that the expected rate of
29 growth in net General Fund receipts exceeds four and two-tenths percent
30 for the upcoming fiscal year. If that occurs, the Tax Rate Review
31 Committee shall void the oldest remaining income tax rate reduction

1 deferral for taxable years beginning or deemed to begin on or after the
2 immediately following January 1. No more than one deferral may be voided
3 for any one taxable year.

4 (5) For 2027 and thereafter, any remaining income tax rate reduction
5 deferrals declared under subsection (3) of this section shall remain in
6 effect until the Tax Rate Review Committee finds that the expected rate
7 of growth in net General Fund receipts exceeds three and one-half percent
8 for the upcoming fiscal year. If that occurs, the Tax Rate Review
9 Committee shall void the oldest remaining income tax rate reduction
10 deferral for taxable years beginning or deemed to begin on or after the
11 immediately following January 1. No more than one deferral may be voided
12 for any one taxable year.

13 Sec. 4. Section 77-2715.03, Revised Statutes Cumulative Supplement,
14 2016, is amended to read:

15 77-2715.03 (1) For taxable years beginning or deemed to begin on or
16 after January 1, 2013, and before January 1, 2014, the following brackets
17 and rates are hereby established for the Nebraska individual income tax:

18 Individual Income Tax Brackets and Rates

19 Bracket	Single	Married,	Head of	Married,	Estates	Tax
20 Number	Individuals	Filing	Household	Filing	and	Rate
		Jointly		Separate	Trusts	
22 1	\$0-2,399	\$0-4,799	\$0-4,499	\$0-2,399	\$0-499	2.46%
23 2	\$2,400-	\$4,800-	\$4,500-	\$2,400-	\$500-	
24	17,499	34,999	27,999	17,499	4,699	3.51%
25 3	\$17,500-	\$35,000-	\$28,000-	\$17,500-	\$4,700-	
26	26,999	53,999	39,999	26,999	15,149	5.01%
27 4	\$27,000	\$54,000	\$40,000	\$27,000	\$15,150	
28	and Over	and Over	and Over	and Over	and Over	6.84%

29 (2) For taxable years beginning or deemed to begin on or after
30 January 1, 2014, and before January 1, 2018, the following brackets and
31 rates are hereby established for the Nebraska individual income tax:

Individual Income Tax Brackets and Rates

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

(3) For taxable years beginning or deemed to begin on or after January 1, 2018, and before January 1, 2019, the following brackets and rates are hereby established for the Nebraska individual income tax:

Individual Income Tax Brackets and Rates

<u>Bracket Number</u>	<u>Single Individuals</u>	<u>Married, Filing Jointly</u>	<u>Head of Household</u>	<u>Married, Filing Separate</u>	<u>Estates and Trusts</u>	<u>Tax Rate</u>
<u>1</u>	<u>\$0-18,000</u>	<u>\$0-37,000</u>	<u>\$0-29,000</u>	<u>\$0-18,000</u>	<u>\$0-4,700</u>	<u>3.1%</u>
<u>2</u>	<u>\$18,001-29,000</u>	<u>\$37,001-59,000</u>	<u>\$29,001-43,000</u>	<u>\$18,001-29,000</u>	<u>\$4,701-15,150</u>	<u>5.01%</u>
<u>3</u>	<u>Over \$29,000</u>	<u>Over \$59,000</u>	<u>Over \$43,000</u>	<u>Over \$29,000</u>	<u>Over \$15,150</u>	<u>6.73%</u>

(4) For taxable years beginning or deemed to begin on or after January 1, 2019, and before January 1, 2020, the following brackets and rates are hereby established for the Nebraska individual income tax:

Individual Income Tax Brackets and Rates

<u>Bracket Number</u>	<u>Single Individuals</u>	<u>Married, Filing Jointly</u>	<u>Head of Household</u>	<u>Married, Filing Separate</u>	<u>Estates and Trusts</u>	<u>Tax Rate</u>

1	<u>1</u>	<u>\$0-18,000</u>	<u>\$0-37,000</u>	<u>\$0-29,000</u>	<u>\$0-18,000</u>	<u>\$0-4,700</u>	<u>3.1%</u>
2	<u>2</u>	<u>\$18,001-</u>	<u>\$37,001-</u>	<u>\$29,001-</u>	<u>\$18,001-</u>	<u>\$4,701-</u>	
3		<u>29,000</u>	<u>59,000</u>	<u>43,000</u>	<u>29,000</u>	<u>15,150</u>	<u>5.01%</u>
4	<u>3</u>	<u>Over</u>	<u>Over</u>	<u>Over</u>	<u>Over</u>	<u>Over</u>	
5		<u>\$29,000</u>	<u>\$59,000</u>	<u>\$43,000</u>	<u>\$29,000</u>	<u>\$15,150</u>	<u>6.62%</u>

(5) For taxable years beginning or deemed to begin on or after January 1, 2020, and before January 1, 2021, the following brackets and rates are hereby established for the Nebraska individual income tax:

Individual Income Tax Brackets and Rates

<u>Bracket</u>	<u>Single</u>	<u>Married,</u>	<u>Head of</u>	<u>Married,</u>	<u>Estates</u>	<u>Tax</u>
<u>Number</u>	<u>Individuals</u>	<u>Filing</u>	<u>Household</u>	<u>Filing</u>	<u>and</u>	<u>Rate</u>
		<u>Jointly</u>		<u>Separate</u>	<u>Trusts</u>	
<u>1</u>	<u>\$0-18,000</u>	<u>\$0-37,000</u>	<u>\$0-29,000</u>	<u>\$0-18,000</u>	<u>\$0-4,700</u>	<u>3.1%</u>
<u>2</u>	<u>\$18,001-</u>	<u>\$37,001-</u>	<u>\$29,001-</u>	<u>\$18,001-</u>	<u>\$4,701-</u>	<u>5.01%</u>
	<u>29,000</u>	<u>59,000</u>	<u>43,000</u>	<u>29,000</u>	<u>15,150</u>	
<u>3</u>	<u>Over</u>	<u>Over</u>	<u>Over</u>	<u>Over</u>	<u>Over</u>	<u>6.52%</u>
	<u>\$29,000</u>	<u>\$59,000</u>	<u>\$43,000</u>	<u>\$29,000</u>	<u>\$15,150</u>	

(6) For taxable years beginning or deemed to begin on or after January 1, 2021, and before January 1, 2022, the following brackets and rates are hereby established for the Nebraska individual income tax:

Individual Income Tax Brackets and Rates

<u>Bracket</u>	<u>Single</u>	<u>Married,</u>	<u>Head of</u>	<u>Married,</u>	<u>Estates</u>	<u>Tax</u>
<u>Number</u>	<u>Individuals</u>	<u>Filing</u>	<u>Household</u>	<u>Filing</u>	<u>and</u>	<u>Rate</u>
		<u>Jointly</u>		<u>Separate</u>	<u>Trusts</u>	
<u>1</u>	<u>\$0-18,000</u>	<u>\$0-37,000</u>	<u>\$0-29,000</u>	<u>\$0-18,000</u>	<u>\$0-4,700</u>	<u>3.1%</u>
<u>2</u>	<u>\$18,001-</u>	<u>\$37,001-</u>	<u>\$29,001-</u>	<u>\$18,001-</u>	<u>\$4,701-</u>	<u>5.01%</u>
	<u>29,000</u>	<u>59,000</u>	<u>43,000</u>	<u>29,000</u>	<u>15,150</u>	
<u>3</u>	<u>Over</u>	<u>Over</u>	<u>Over</u>	<u>Over</u>	<u>Over</u>	<u>6.41%</u>
	<u>\$29,000</u>	<u>\$59,000</u>	<u>\$43,000</u>	<u>\$29,000</u>	<u>\$15,150</u>	

(7) For taxable years beginning or deemed to begin on or after

1 January 1, 2022, and before January 1, 2023, the following brackets and
2 rates are hereby established for the Nebraska individual income tax:

3 Individual Income Tax Brackets and Rates

4 <u>Bracket</u>	<u>Single</u>	<u>Married,</u>	<u>Head of</u>	<u>Married,</u>	<u>Estates</u>	<u>Tax</u>
5 <u>Number</u>	<u>Individuals</u>	<u>Filing</u>	<u>Household</u>	<u>Filing</u>	<u>and</u>	<u>Rate</u>
		6 <u>Jointly</u>		<u>Separate</u>	<u>Trusts</u>	
7 <u>1</u>	<u>\$0-18,000</u>	<u>\$0-37,000</u>	<u>\$0-29,000</u>	<u>\$0-18,000</u>	<u>\$0-4,700</u>	<u>3.1%</u>
8 <u>2</u>	<u>\$18,001-</u>	<u>\$37,001-</u>	<u>\$29,001-</u>	<u>\$18,001-</u>	<u>\$4,701-</u>	<u>5.01%</u>
9	<u>29,000</u>	<u>59,000</u>	<u>43,000</u>	<u>29,000</u>	<u>15,150</u>	
10 <u>3</u>	<u>Over</u>	<u>Over</u>	<u>Over</u>	<u>Over</u>	<u>Over</u>	<u>6.31%</u>
11	<u>\$29,000</u>	<u>\$59,000</u>	<u>\$43,000</u>	<u>\$29,000</u>	<u>\$15,150</u>	

12 (8) For taxable years beginning or deemed to begin on or after
13 January 1, 2023, and before January 1, 2024, the following brackets and
14 rates are hereby established for the Nebraska individual income tax:

15 Individual Income Tax Brackets and Rates

16 <u>Bracket</u>	<u>Single</u>	<u>Married,</u>	<u>Head of</u>	<u>Married,</u>	<u>Estates</u>	<u>Tax</u>
17 <u>Number</u>	<u>Individuals</u>	<u>Filing</u>	<u>Household</u>	<u>Filing</u>	<u>and</u>	<u>Rate</u>
		18 <u>Jointly</u>		<u>Separate</u>	<u>Trusts</u>	
19 <u>1</u>	<u>\$0-18,000</u>	<u>\$0-37,000</u>	<u>\$0-29,000</u>	<u>\$18,000</u>	<u>\$0-4,700</u>	<u>3.1%</u>
20 <u>2</u>	<u>\$18,001-</u>	<u>\$37,001-</u>	<u>\$29,001-</u>	<u>\$18,001-</u>	<u>\$4,701-</u>	<u>5.01%</u>
21	<u>29,000</u>	<u>59,000</u>	<u>43,000</u>	<u>29,000</u>	<u>15,150</u>	
22 <u>3</u>	<u>Over</u>	<u>Over</u>	<u>Over</u>	<u>Over</u>	<u>Over</u>	<u>6.20%</u>
23	<u>\$29,000</u>	<u>\$59,000</u>	<u>\$43,000</u>	<u>\$29,000</u>	<u>\$15,150</u>	

24 (9) For taxable years beginning or deemed to begin on or after
25 January 1, 2024, and before January 1, 2025, the following brackets and
26 rates are hereby established for the Nebraska individual income tax:

27 Individual Income Tax Brackets and Rates

28 <u>Bracket</u>	<u>Single</u>	<u>Married,</u>	<u>Head of</u>	<u>Married,</u>	<u>Estates</u>	<u>Tax</u>
29 <u>Number</u>	<u>Individuals</u>	<u>Filing</u>	<u>Household</u>	<u>Filing</u>	<u>and</u>	<u>Rate</u>
		30 <u>Jointly</u>		<u>Separate</u>	<u>Trusts</u>	

1	<u>1</u>	<u>\$0-18,000</u>	<u>\$0-37,000</u>	<u>\$0-29,000</u>	<u>\$0-18,000</u>	<u>\$0-4,700</u>	<u>3.1%</u>
2	<u>2</u>	<u>\$18,001-</u>	<u>\$37,001-</u>	<u>\$29,001-</u>	<u>\$18,001-</u>	<u>\$4,701-</u>	<u>5.01%</u>
3		<u>29,000</u>	<u>59,000</u>	<u>43,000</u>	<u>29,000</u>	<u>15,150</u>	
4	<u>3</u>	<u>Over</u>	<u>Over</u>	<u>Over</u>	<u>Over</u>	<u>Over</u>	<u>6.10%</u>
5		<u>\$29,000</u>	<u>\$59,000</u>	<u>\$43,000</u>	<u>\$29,000</u>	<u>\$15,150</u>	

6 (10) For taxable years beginning or deemed to begin on or after
7 January 1, 2025, the following brackets and rates are hereby established
8 for the Nebraska individual income tax:

9 Individual Income Tax Brackets and Rates

10	<u>Bracket</u>	<u>Single</u>	<u>Married,</u>	<u>Head of</u>	<u>Married,</u>	<u>Estates</u>	<u>Tax</u>
11	<u>Number</u>	<u>Individuals</u>	<u>Filing</u>	<u>Household</u>	<u>Filing</u>	<u>and</u>	<u>Rate</u>
12			<u>Jointly</u>		<u>Separate</u>	<u>Trusts</u>	
13	<u>1</u>	<u>\$0-18,000</u>	<u>\$0-37,000</u>	<u>\$0-29,000</u>	<u>\$0-18,000</u>	<u>\$0-4,700</u>	<u>3.1%</u>
14	<u>2</u>	<u>\$18,001-</u>	<u>\$37,001-</u>	<u>\$29,001-</u>	<u>\$18,001-</u>	<u>\$4,701-</u>	<u>5.01%</u>
15		<u>29,000</u>	<u>59,000</u>	<u>43,000</u>	<u>29,000</u>	<u>15,150</u>	
16	<u>3</u>	<u>Over</u>	<u>Over</u>	<u>Over</u>	<u>Over</u>	<u>Over</u>	<u>5.99%</u>
17		<u>\$29,000</u>	<u>\$59,000</u>	<u>\$43,000</u>	<u>\$29,000</u>	<u>\$15,150</u>	

18 (11)(a) (3)(a) For taxable years beginning or deemed to begin on or
19 after January 1, 2015, the minimum and maximum dollar amounts for each
20 income tax bracket provided in subsections subsection (2) through (10) of
21 this section shall be adjusted for inflation by the percentage determined
22 under subdivision (11)(b) (3)(b) of this section. The rate applicable to
23 any such income tax bracket shall not be changed as part of any
24 adjustment under this subsection. The minimum and maximum dollar amounts
25 for each income tax bracket as adjusted shall be rounded to the nearest
26 ten-dollar amount. If the adjusted amount for any income tax bracket ends
27 in a five, it shall be rounded up to the nearest ten-dollar amount.

28 (b) The Tax Commissioner shall adjust the income tax brackets by the
29 percentage determined pursuant to the provisions of section 1(f) of the
30 Internal Revenue Code of 1986, as amended, except that in section 1(f)(3)
31 (B) of the code the year 2013 shall be substituted for the year 1992. For

1 2015, the Tax Commissioner shall then determine the percent change from
2 the twelve months ending on August 31, 2013, to the twelve months ending
3 on August 31, 2014, and in each subsequent year, from the twelve months
4 ending on August 31, 2013, to the twelve months ending on August 31 of
5 the year preceding the taxable year. The Tax Commissioner shall prescribe
6 new tax rate schedules that apply in lieu of the schedules set forth in
7 subsections ~~subsection~~ (2) through (10) of this section.

8 (12) ~~(4)~~ Whenever the tax brackets or tax rates are changed by the
9 Legislature, the Tax Commissioner shall update the tax rate schedules to
10 reflect the new tax brackets or tax rates and shall publish such updated
11 schedules.

12 (13) ~~(5)~~ The Tax Commissioner shall prepare, from the rate
13 schedules, tax tables which can be used by a majority of the taxpayers to
14 determine their Nebraska tax liability. The design of the tax tables
15 shall be determined by the Tax Commissioner. The size of the tax table
16 brackets may change as the level of income changes. The difference in tax
17 between two tax table brackets shall not exceed fifteen dollars. The Tax
18 Commissioner may build the personal exemption credit and standard
19 deduction amounts into the tax tables.

20 (14) ~~(6)~~ For taxable years beginning or deemed to begin on or after
21 January 1, 2013, the tax rate applied to other federal taxes included in
22 the computation of the Nebraska individual income tax shall be 29.6
23 percent.

24 (15) ~~(7)~~ The Tax Commissioner may require by rule and regulation
25 that all taxpayers shall use the tax tables if their income is less than
26 the maximum income included in the tax tables.

27 Sec. 5. Section 77-2716.01, Reissue Revised Statutes of Nebraska, is
28 amended to read:

29 77-2716.01 (1) Every individual shall be allowed to subtract from
30 his or her income tax liability an amount for personal exemptions. The
31 amount allowed to be subtracted shall be the credit amount for the year

1 as provided in this section multiplied by the number of exemptions
2 allowed on the federal return. For tax year 1993, the credit amount shall
3 be sixty-five dollars; for tax year 1994, the credit amount shall be
4 sixty-nine dollars; for tax year 1995, the credit amount shall be sixty-
5 nine dollars; for tax year 1996, the credit amount shall be seventy-two
6 dollars; for tax year 1997, the credit amount shall be eighty-six
7 dollars; for tax year 1998, the credit amount shall be eighty-eight
8 dollars; for tax year 1999, and each year thereafter, the credit amount
9 shall be adjusted for inflation by the method provided in section 151 of
10 the Internal Revenue Code of 1986, as amended. The eighty-eight-dollar
11 credit amount shall be adjusted for cumulative inflation since 1998. If
12 any credit amount is not an even dollar amount, the amount shall be
13 rounded to the nearest dollar. For nonresident individuals and partial-
14 year resident individuals, the personal exemption credit shall be
15 subtracted as specified in subsection (3) of section 77-2715.

16 (2) For tax years beginning or deemed to begin on or after January
17 1, 2018, the amount of personal exemptions that would otherwise be
18 available under this section shall be reduced as follows:

19 (a) For taxpayers with a filing status of married filing jointly,
20 the personal exemption shall be reduced by:

21 (i) Ten percent if federal adjusted gross income is at least one
22 hundred fifty thousand dollars but less than one hundred seventy thousand
23 dollars;

24 (ii) Twenty percent if federal adjusted gross income is at least one
25 hundred seventy thousand dollars but less than one hundred ninety
26 thousand dollars;

27 (iii) Thirty percent if federal adjusted gross income is at least
28 one hundred ninety thousand dollars but less than two hundred ten
29 thousand dollars;

30 (iv) Fifty percent if federal adjusted gross income is at least two
31 hundred ten thousand dollars but less than two hundred thirty thousand

1 dollars;

2 (v) Seventy-five percent if federal adjusted gross income is at
3 least two hundred thirty thousand dollars but less than two hundred fifty
4 thousand dollars; or

5 (vi) One hundred percent if federal adjusted gross income is two
6 hundred fifty thousand dollars or more; and

7 (b) For taxpayers with any other filing status, the personal
8 exemption shall be reduced by:

9 (i) Ten percent if federal adjusted gross income is at least
10 seventy-five thousand dollars but less than eighty-five thousand dollars;

11 (ii) Twenty percent if federal adjusted gross income is at least
12 eighty-five thousand dollars but less than ninety-five thousand dollars;

13 (iii) Thirty percent if federal adjusted gross income is at least
14 ninety-five thousand dollars but less than one hundred five thousand
15 dollars;

16 (iv) Fifty percent if federal adjusted gross income is at least one
17 hundred five thousand dollars but less than one hundred fifteen thousand
18 dollars;

19 (v) Seventy-five percent if federal adjusted gross income is at
20 least one hundred fifteen thousand dollars but less than one hundred
21 twenty-five thousand dollars; or

22 (vi) One hundred percent if federal adjusted gross income is one
23 hundred twenty-five thousand dollars or more.

24 (3)(a) ~~(2)(a)~~ For tax years beginning or deemed to begin on or after
25 January 1, 2003, and before January 1, 2004, under the Internal Revenue
26 Code of 1986, as amended, every individual who did not itemize deductions
27 on his or her federal return shall be allowed to subtract from federal
28 adjusted gross income a standard deduction based on the filing status
29 used on the federal return except as the amount is adjusted under section
30 77-2716.03. The standard deduction shall be the smaller of the federal
31 standard deduction actually allowed or (i) for single taxpayers four

1 thousand seven hundred fifty dollars, (ii) for head of household
2 taxpayers seven thousand dollars, (iii) for married filing jointly
3 taxpayers seven thousand nine hundred fifty dollars, and (iv) for married
4 filing separately taxpayers three thousand nine hundred seventy-five
5 dollars. Taxpayers who are allowed additional federal standard deduction
6 amounts because of age or blindness shall be allowed an increase in the
7 Nebraska standard deduction for each additional amount allowed on the
8 federal return. The additional amounts shall be for married taxpayers,
9 nine hundred fifty dollars, and for single or head of household
10 taxpayers, one thousand one hundred fifty dollars.

11 (b) For tax years beginning or deemed to begin on or after January
12 1, 2007, under the Internal Revenue Code of 1986, as amended, every
13 individual who did not itemize deductions on his or her federal return
14 shall be allowed to subtract from federal adjusted gross income a
15 standard deduction based on the filing status used on the federal return.
16 The standard deduction shall be the smaller of the federal standard
17 deduction actually allowed or (i) for single taxpayers three thousand
18 dollars and (ii) for head of household taxpayers four thousand four
19 hundred dollars. The standard deduction for married filing jointly
20 taxpayers shall be double the standard deduction for single taxpayers,
21 and for married filing separately taxpayers, the standard deduction shall
22 be the same as single taxpayers. Taxpayers who are allowed additional
23 federal standard deduction amounts because of age or blindness shall be
24 allowed an increase in the Nebraska standard deduction for each
25 additional amount allowed on the federal return. The additional amounts
26 shall be for married taxpayers six hundred dollars and for single or head
27 of household taxpayers seven hundred fifty dollars. The amounts in this
28 subdivision will be indexed using 1987 as the base year.

29 (c) For tax years beginning or deemed to begin on or after January
30 1, 2007, the standard deduction amounts, including the additional
31 standard deduction amounts, in this subsection shall be adjusted for

1 inflation by the method provided in section 151 of the Internal Revenue
2 Code of 1986, as amended. If any amount is not a multiple of fifty
3 dollars, the amount shall be rounded to the next lowest multiple of fifty
4 dollars.

5 ~~(4)~~ ~~(3)~~ Every individual who itemized deductions on his or her
6 federal return shall be allowed to subtract from federal adjusted gross
7 income the greater of either the standard deduction allowed in subsection
8 ~~(3)~~ ~~(2)~~ of this section or his or her federal itemized deductions, except
9 for the amount for state or local income taxes included in federal
10 itemized deductions before any federal disallowance.

11 Sec. 6. Section 77-2734.02, Revised Statutes Cumulative Supplement,
12 2016, is amended to read:

13 77-2734.02 (1) Except as provided in subsection ~~(5)~~ ~~(2)~~ of this
14 section, a tax is hereby imposed on the taxable income of every corporate
15 taxpayer that is doing business in this state:

16 (a) For taxable years beginning or deemed to begin before January 1,
17 2013, at a rate equal to one hundred fifty and eight-tenths percent of
18 the primary rate imposed on individuals under section 77-2701.01 on the
19 first one hundred thousand dollars of taxable income and at the rate of
20 two hundred eleven percent of such rate on all taxable income in excess
21 of one hundred thousand dollars. The resultant rates shall be rounded to
22 the nearest one hundredth of one percent; ~~and~~

23 (b) For taxable years beginning or deemed to begin on or after
24 January 1, 2013, and before January 1, 2018, at a rate equal to 5.58
25 percent on the first one hundred thousand dollars of taxable income and
26 at the rate of 7.81 percent on all taxable income in excess of one
27 hundred thousand dollars; ~~-~~

28 (c) For taxable years beginning or deemed to begin on or after
29 January 1, 2018, and before January 1, 2019, at a rate equal to 7.58
30 percent on all taxable income;

31 (d) For taxable years beginning or deemed to begin on or after

1 January 1, 2019, and before January 1, 2020, at a rate equal to 7.35
2 percent on all taxable income;

3 (e) For taxable years beginning or deemed to begin on or after
4 January 1, 2020, and before January 1, 2021, at a rate equal to 7.13
5 percent on all taxable income;

6 (f) For taxable years beginning or deemed to begin on or after
7 January 1, 2021, and before January 1, 2022, at a rate equal to 6.91
8 percent on all taxable income;

9 (g) For taxable years beginning or deemed to begin on or after
10 January 1, 2022, and before January 1, 2023, at a rate equal to 6.68
11 percent on all taxable income;

12 (h) For taxable years beginning or deemed to begin on or after
13 January 1, 2023, and before January 1, 2024, at a rate equal to 6.45
14 percent on all taxable income;

15 (i) For taxable years beginning or deemed to begin on or after
16 January 1, 2024, and before January 1, 2025, at a rate equal to 6.22
17 percent on all taxable income; and

18 (j) For taxable years beginning or deemed to begin on or after
19 January 1, 2025, at a rate equal to 5.99 percent on all taxable income.

20 For corporate taxpayers with a fiscal year that does not coincide
21 with the calendar year, the individual rate used for this subsection
22 shall be the rate in effect on the first day, or the day deemed to be the
23 first day, of the taxable year.

24 (2) Beginning in November 2019 and each November thereafter through
25 2026, the Tax Rate Review Committee shall examine the expected rate of
26 growth in net General Fund receipts from the current fiscal year to the
27 upcoming fiscal year, as determined by the Nebraska Economic Forecasting
28 Advisory Board. If the expected rate of growth in net General Fund
29 receipts does not exceed three and seven-tenths percent for the upcoming
30 fiscal year, the Tax Rate Review Committee shall declare that the
31 corporate income tax rate reduction under this section that was to begin

1 for taxable years beginning or deemed to begin on or after the following
2 January 1 will be deferred. The Tax Rate Review Committee shall make this
3 determination only after making the determinations required under
4 subsections (3) to (5) of section 77-2715.01.

5 (3) For 2020 through 2026, a corporate income tax rate reduction
6 deferral declared under subsection (2) of this section shall remain in
7 effect until the Tax Rate Review Committee finds that the expected rate
8 of growth in net General Fund receipts exceeds four and one-half percent
9 for the upcoming fiscal year. If that occurs, the Tax Rate Review
10 Committee shall void the oldest remaining corporate income tax rate
11 reduction deferral for taxable years beginning or deemed to begin on or
12 after the immediately following January 1. No more than one deferral may
13 be voided for any one taxable year. The Tax Rate Review Committee shall
14 make this determination only after making the determinations required
15 under subsections (3) to (5) of section 77-2715.01.

16 (4) For 2027 and thereafter, any remaining corporate income tax rate
17 reduction deferrals declared under subsection (2) of this section shall
18 remain in effect until the Tax Rate Review Committee finds that the
19 expected rate of growth in net General Fund receipts exceeds three and
20 seven-tenths percent for the upcoming fiscal year. If that occurs, the
21 Tax Rate Review Committee shall void the oldest remaining corporate
22 income tax rate reduction deferral for taxable years beginning or deemed
23 to begin on or after the immediately following January 1. No more than
24 one deferral may be voided for any one taxable year. The Tax Rate Review
25 Committee shall make this determination only after making the
26 determinations required under subsections (3) to (5) of section
27 77-2715.01.

28 (5) ~~(2)~~ An insurance company shall be subject to taxation at the
29 lesser of the rate described in ~~subsection (1)~~ of this section or the
30 rate of tax imposed by the state or country in which the insurance
31 company is domiciled if the insurance company can establish to the

1 satisfaction of the Tax Commissioner that it is domiciled in a state or
2 country other than Nebraska that imposes on Nebraska domiciled insurance
3 companies a retaliatory tax against the tax described in ~~subsection (1)~~
4 ~~of~~ this section.

5 (6) ~~(3)~~ For a corporate taxpayer that is subject to tax in another
6 state, its taxable income shall be the portion of the taxpayer's federal
7 taxable income, as adjusted, that is determined to be connected with the
8 taxpayer's operations in this state pursuant to sections 77-2734.05 to
9 77-2734.15.

10 (7) ~~(4)~~ Each corporate taxpayer shall file only one income tax
11 return for each taxable year.

12 Sec. 7. This act becomes operative on January 1, 2018.

13 Sec. 8. Original section 77-2716.01, Reissue Revised Statutes of
14 Nebraska, and sections 77-382, 77-2701.16, 77-2715.01, 77-2715.03, and
15 77-2734.02, Revised Statutes Cumulative Supplement, 2016, are repealed.

16 Sec. 9. The following sections are outright repealed: Sections
17 77-2704.07, 77-2704.14, and 77-2704.38, Reissue Revised Statutes of
18 Nebraska.