

LEGISLATURE OF NEBRASKA  
ONE HUNDRED SIXTH LEGISLATURE  
FIRST SESSION

**LEGISLATIVE BILL 615**

Introduced by Hilgers, 21.

Read first time January 23, 2019

Committee: Revenue

1 A BILL FOR AN ACT relating to revenue and taxation; to amend sections  
2 77-2715.01, 77-2715.03, 77-2716, and 77-2734.02, Reissue Revised  
3 Statutes of Nebraska, and section 84-612, Revised Statutes  
4 Cumulative Supplement, 2018; to provide duties for the Tax Rate  
5 Review Committee; to reduce income tax rates as prescribed; to  
6 provide for certain transfers from the Cash Reserve Fund; to  
7 harmonize provisions; and to repeal the original sections.  
8 Be it enacted by the people of the State of Nebraska,

1           Section 1. Section 77-2715.01, Reissue Revised Statutes of Nebraska,  
2 is amended to read:

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

9           (b) The Legislature shall set the rates of the sales tax and income  
10 tax so that the estimated funds available plus estimated receipts from  
11 the sales, use, income, and franchise taxes will be not less than three  
12 percent nor more than seven percent in excess of the appropriations and  
13 express obligations for the biennium for which the appropriations are  
14 made, except that for the biennium ending June 30, 2019, the percentage  
15 shall not be less than two and one-half percent nor more than seven  
16 percent. The purpose of this subdivision is to insure that there shall be  
17 maintained in the state treasury an adequate General Fund balance,  
18 considering cash flow, to meet the appropriations and express obligations  
19 of the state.

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

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

1 obligations for any session, all miscellaneous claims, deficiency bills,  
2 and all emergency appropriations. The committee shall prepare an annual  
3 report of its determinations under this section. The committee shall  
4 submit such report electronically to the Legislature and shall append the  
5 tax expenditure report required under section 77-382 and the revenue  
6 volatility report required under section 50-419.02.

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

15 (3) Beginning in November 2019 and each November thereafter until  
16 the top corporate and individual income tax rates are set at five and  
17 ninety-nine hundredths percent, the Tax Rate Review Committee shall  
18 examine the expected rate of growth in net General Fund receipts from the  
19 current fiscal year to the upcoming fiscal year, as determined by the  
20 Nebraska Economic Forecasting Advisory Board, and shall determine the  
21 balance of the Cash Reserve Fund. If the expected rate of growth in net  
22 General Fund receipts is at least three and one-half percent for the  
23 upcoming fiscal year and the balance of the Cash Reserve Fund is at least  
24 five hundred million dollars, the Tax Rate Review Committee shall:

25 (a) Certify such rate of growth and balance to the Tax Commissioner.  
26 Upon receipt of each such certification, the Tax Commissioner shall  
27 reduce the top corporate income tax rate in accordance with subdivision  
28 (1)(c) of section 77-2734.02 and shall reduce the top individual income  
29 tax rate in accordance with subsection (3) of section 77-2715.03; and

30 (b) Certify such rate of growth and balance to the State Treasurer.  
31 Upon receipt of each such certification, the State Treasurer shall make

1 the transfer prescribed in subsection (13) of section 84-612.

2 (4) If income tax rates are reduced as described in subsection (3)  
3 of this section, the Tax Commissioner and the Legislative Fiscal Analyst  
4 shall adjust the forecast provided by the Nebraska Economic Forecasting  
5 Advisory Board to reflect the reduction and certify the adjusted forecast  
6 to the Governor and the Legislature no later than five days following the  
7 meeting of the Tax Rate Review Committee.

8 Sec. 2. Section 77-2715.03, Reissue Revised Statutes of Nebraska, is  
9 amended to read:

10 77-2715.03 (1) For taxable years beginning or deemed to begin on or  
11 after January 1, 2013, and before January 1, 2014, the following brackets  
12 and rates are hereby established for the Nebraska individual income tax:

13 Individual Income Tax Brackets and Rates

14 Bracket	Single	Married,	Head of	Married,	Estates	Tax
15 Number	Individuals	Filing	Household	Filing	and	Rate
		Jointly		Separate	Trusts	
17 1	\$0-2,399	\$0-4,799	\$0-4,499	\$0-2,399	\$0-499	2.46%
18 2	\$2,400-	\$4,800-	\$4,500-	\$2,400-	\$500-	
19	17,499	34,999	27,999	17,499	4,699	3.51%
20 3	\$17,500-	\$35,000-	\$28,000-	\$17,500-	\$4,700-	
21	26,999	53,999	39,999	26,999	15,149	5.01%
22 4	\$27,000	\$54,000	\$40,000	\$27,000	\$15,150	
23	and Over	and Over	and Over	and Over	and Over	6.84%

24 (2) For taxable years beginning or deemed to begin on or after  
25 January 1, 2014, and before January 1, 2020, the following brackets and  
26 rates are hereby established for the Nebraska individual income tax:

27 Individual Income Tax Brackets and Rates

28 Bracket	Single	Married,	Head of	Married,	Estates	Tax
29 Number	Individuals	Filing	Household	Filing	and	Rate
		Jointly		Separate	Trusts	

1	1	\$0-2,999	\$0-5,999	\$0-5,599	\$0-2,999	\$0-499	2.46%
2	2	\$3,000-	\$6,000-	\$5,600-	\$3,000-	\$500-	
3		17,999	35,999	28,799	17,999	4,699	3.51%
4	3	\$18,000-	\$36,000-	\$28,800-	\$18,000-	\$4,700-	
5		28,999	57,999	42,999	28,999	15,149	5.01%
6	4	\$29,000	\$58,000	\$43,000	\$29,000	\$15,150	
7		and Over	and Over	and Over	and Over	and Over	6.84%

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

11                               Individual Income Tax Brackets and Rates

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

22                               (\* Subject to change as described below)

23       Each time that certification is received pursuant to subsection (3)  
24 of section 77-2715.01, the Tax Commissioner shall adjust the income tax  
25 rate for bracket number 4 according to the following schedule:

26       (a) The first time such certification is received, the rate shall be  
27 reduced to 6.75%;

28       (b) The second time such certification is received, the rate shall  
29 be reduced to 6.50%;

30       (c) The third time such certification is received, the rate shall be

1 reduced to 6.25%; and

2 (d) The fourth time such certification is received, the rate shall  
3 be reduced to 5.99%.

4 (4) Each time the tax rate for bracket number 4 is reduced pursuant  
5 to subsection (3) of this section, such rate shall take effect for  
6 taxable years beginning or deemed to begin on or after the first January  
7 1 following such reduction. The reduced rate shall remain in place until  
8 the next reduction takes effect, if any.

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

19 (b)(i) For taxable years beginning or deemed to begin on or after  
20 January 1, 2015, and before January 1, 2018, the Tax Commissioner shall  
21 adjust the income tax brackets by the percentage determined pursuant to  
22 the provisions of section 1(f) of the Internal Revenue Code of 1986, as  
23 it existed prior to December 22, 2017, except that in section 1(f)(3)(B)  
24 of the code the year 2013 shall be substituted for the year 1992. For  
25 2015, the Tax Commissioner shall then determine the percent change from  
26 the twelve months ending on August 31, 2013, to the twelve months ending  
27 on August 31, 2014, and in each subsequent year, from the twelve months  
28 ending on August 31, 2013, to the twelve months ending on August 31 of  
29 the year preceding the taxable year. The Tax Commissioner shall prescribe  
30 new tax rate schedules that apply in lieu of the schedules set forth in  
31 subsections ~~subsection~~ (2) and (3) of this section.

1 (ii) For taxable years beginning or deemed to begin on or after  
2 January 1, 2018, the Tax Commissioner shall adjust the income tax  
3 brackets based on the percentage change in the Consumer Price Index for  
4 All Urban Consumers published by the federal Bureau of Labor Statistics  
5 from the twelve months ending on August 31, 2016, to the twelve months  
6 ending on August 31 of the year preceding the taxable year. The Tax  
7 Commissioner shall prescribe new tax rate schedules that apply in lieu of  
8 the schedules set forth in subsections ~~subsection~~ (2) and (3) of this  
9 section.

10 (6) ~~(4)~~ Whenever the tax brackets or tax rates are changed by the  
11 Legislature, the Tax Commissioner shall update the tax rate schedules to  
12 reflect the new tax brackets or tax rates and shall publish such updated  
13 schedules.

14 (7) ~~(5)~~ The Tax Commissioner shall prepare, from the rate schedules,  
15 tax tables which can be used by a majority of the taxpayers to determine  
16 their Nebraska tax liability. The design of the tax tables shall be  
17 determined by the Tax Commissioner. The size of the tax table brackets  
18 may change as the level of income changes. The difference in tax between  
19 two tax table brackets shall not exceed fifteen dollars. The Tax  
20 Commissioner may build the personal exemption credit and standard  
21 deduction amounts into the tax tables.

22 (8) ~~(6)~~ For taxable years beginning or deemed to begin on or after  
23 January 1, 2013, the tax rate applied to other federal taxes included in  
24 the computation of the Nebraska individual income tax shall be 29.6  
25 percent.

26 (9) ~~(7)~~ The Tax Commissioner may require by rule and regulation that  
27 all taxpayers shall use the tax tables if their income is less than the  
28 maximum income included in the tax tables.

29 Sec. 3. Section 77-2716, Reissue Revised Statutes of Nebraska, is  
30 amended to read:

31 77-2716 (1) The following adjustments to federal adjusted gross

1 income or, for corporations and fiduciaries, federal taxable income shall  
2 be made for interest or dividends received:

3 (a)(i) There shall be subtracted interest or dividends received by  
4 the owner of obligations of the United States and its territories and  
5 possessions or of any authority, commission, or instrumentality of the  
6 United States to the extent includable in gross income for federal income  
7 tax purposes but exempt from state income taxes under the laws of the  
8 United States; and

9 (ii) There shall be subtracted interest received by the owner of  
10 obligations of the State of Nebraska or its political subdivisions or  
11 authorities which are Build America Bonds to the extent includable in  
12 gross income for federal income tax purposes;

13 (b) There shall be subtracted that portion of the total dividends  
14 and other income received from a regulated investment company which is  
15 attributable to obligations described in subdivision (a) of this  
16 subsection as reported to the recipient by the regulated investment  
17 company;

18 (c) There shall be added interest or dividends received by the owner  
19 of obligations of the District of Columbia, other states of the United  
20 States, or their political subdivisions, authorities, commissions, or  
21 instrumentalities to the extent excluded in the computation of gross  
22 income for federal income tax purposes except that such interest or  
23 dividends shall not be added if received by a corporation which is a  
24 regulated investment company;

25 (d) There shall be added that portion of the total dividends and  
26 other income received from a regulated investment company which is  
27 attributable to obligations described in subdivision (c) of this  
28 subsection and excluded for federal income tax purposes as reported to  
29 the recipient by the regulated investment company; and

30 (e)(i) Any amount subtracted under this subsection shall be reduced  
31 by any interest on indebtedness incurred to carry the obligations or



1 securities described in this subsection or the investment in the  
2 regulated investment company and by any expenses incurred in the  
3 production of interest or dividend income described in this subsection to  
4 the extent that such expenses, including amortizable bond premiums, are  
5 deductible in determining federal taxable income.

6 (ii) Any amount added under this subsection shall be reduced by any  
7 expenses incurred in the production of such income to the extent  
8 disallowed in the computation of federal taxable income.

9 (2) There shall be allowed a net operating loss derived from or  
10 connected with Nebraska sources computed under rules and regulations  
11 adopted and promulgated by the Tax Commissioner consistent, to the extent  
12 possible under the Nebraska Revenue Act of 1967, with the laws of the  
13 United States. For a resident individual, estate, or trust, the net  
14 operating loss computed on the federal income tax return shall be  
15 adjusted by the modifications contained in this section. For a  
16 nonresident individual, estate, or trust or for a partial-year resident  
17 individual, the net operating loss computed on the federal return shall  
18 be adjusted by the modifications contained in this section and any  
19 carryovers or carrybacks shall be limited to the portion of the loss  
20 derived from or connected with Nebraska sources.

21 (3) There shall be subtracted from federal adjusted gross income for  
22 all taxable years beginning on or after January 1, 1987, the amount of  
23 any state income tax refund to the extent such refund was deducted under  
24 the Internal Revenue Code, was not allowed in the computation of the tax  
25 due under the Nebraska Revenue Act of 1967, and is included in federal  
26 adjusted gross income.

27 (4) Federal adjusted gross income, or, for a fiduciary, federal  
28 taxable income shall be modified to exclude the portion of the income or  
29 loss received from a small business corporation with an election in  
30 effect under subchapter S of the Internal Revenue Code or from a limited  
31 liability company organized pursuant to the Nebraska Uniform Limited

1 Liability Company Act that is not derived from or connected with Nebraska  
2 sources as determined in section 77-2734.01.

3 (5) There shall be subtracted from federal adjusted gross income or,  
4 for corporations and fiduciaries, federal taxable income dividends  
5 received or deemed to be received from corporations which are not subject  
6 to the Internal Revenue Code.

7 (6) There shall be subtracted from federal taxable income a portion  
8 of the income earned by a corporation subject to the Internal Revenue  
9 Code of 1986 that is actually taxed by a foreign country or one of its  
10 political subdivisions at a rate in excess of the maximum federal tax  
11 rate for corporations. The taxpayer may make the computation for each  
12 foreign country or for groups of foreign countries. The portion of the  
13 taxes that may be deducted shall be computed in the following manner:

14 (a) The amount of federal taxable income from operations within a  
15 foreign taxing jurisdiction shall be reduced by the amount of taxes  
16 actually paid to the foreign jurisdiction that are not deductible solely  
17 because the foreign tax credit was elected on the federal income tax  
18 return;

19 (b) The amount of after-tax income shall be divided by one minus the  
20 maximum tax rate for corporations in the Internal Revenue Code; and

21 (c) The result of the calculation in subdivision (b) of this  
22 subsection shall be subtracted from the amount of federal taxable income  
23 used in subdivision (a) of this subsection. The result of such  
24 calculation, if greater than zero, shall be subtracted from federal  
25 taxable income.

26 (7) Federal adjusted gross income shall be modified to exclude any  
27 amount repaid by the taxpayer for which a reduction in federal tax is  
28 allowed under section 1341(a)(5) of the Internal Revenue Code.

29 (8)(a) Federal adjusted gross income or, for corporations and  
30 fiduciaries, federal taxable income shall be reduced, to the extent  
31 included, by income from interest, earnings, and state contributions

1 received from the Nebraska educational savings plan trust created in  
2 sections 85-1801 to 85-1814 and any account established under the  
3 achieving a better life experience program as provided in sections  
4 77-1401 to 77-1409.

5 (b) Federal adjusted gross income or, for corporations and  
6 fiduciaries, federal taxable income shall be reduced by any contributions  
7 as a participant in the Nebraska educational savings plan trust or  
8 contributions to an account established under the achieving a better life  
9 experience program made for the benefit of a beneficiary as provided in  
10 sections 77-1401 to 77-1409, to the extent not deducted for federal  
11 income tax purposes, but not to exceed five thousand dollars per married  
12 filing separate return or ten thousand dollars for any other return. With  
13 respect to a qualified rollover within the meaning of section 529 of the  
14 Internal Revenue Code from another state's plan, any interest, earnings,  
15 and state contributions received from the other state's educational  
16 savings plan which is qualified under section 529 of the code shall  
17 qualify for the reduction provided in this subdivision. For contributions  
18 by a custodian of a custodial account including rollovers from another  
19 custodial account, the reduction shall only apply to funds added to the  
20 custodial account after January 1, 2014.

21 (c) Federal adjusted gross income or, for corporations and  
22 fiduciaries, federal taxable income shall be increased by:

23 (i) The amount resulting from the cancellation of a participation  
24 agreement refunded to the taxpayer as a participant in the Nebraska  
25 educational savings plan trust to the extent previously deducted under  
26 subdivision (8)(b) of this section; and

27 (ii) The amount of any withdrawals by the owner of an account  
28 established under the achieving a better life experience program as  
29 provided in sections 77-1401 to 77-1409 for nonqualified expenses to the  
30 extent previously deducted under subdivision (8)(b) of this section.

31 (9)(a) For income tax returns filed after September 10, 2001, for

1 taxable years beginning or deemed to begin before January 1, 2006, under  
2 the Internal Revenue Code of 1986, as amended, federal adjusted gross  
3 income or, for corporations and fiduciaries, federal taxable income shall  
4 be increased by eighty-five percent of any amount of any federal bonus  
5 depreciation received under the federal Job Creation and Worker  
6 Assistance Act of 2002 or the federal Jobs and Growth Tax Act of 2003,  
7 under section 168(k) or section 1400L of the Internal Revenue Code of  
8 1986, as amended, for assets placed in service after September 10, 2001,  
9 and before December 31, 2005.

10 (b) For a partnership, limited liability company, cooperative,  
11 including any cooperative exempt from income taxes under section 521 of  
12 the Internal Revenue Code of 1986, as amended, limited cooperative  
13 association, subchapter S corporation, or joint venture, the increase  
14 shall be distributed to the partners, members, shareholders, patrons, or  
15 beneficiaries in the same manner as income is distributed for use against  
16 their income tax liabilities.

17 (c) For a corporation with a unitary business having activity both  
18 inside and outside the state, the increase shall be apportioned to  
19 Nebraska in the same manner as income is apportioned to the state by  
20 section 77-2734.05.

21 (d) The amount of bonus depreciation added to federal adjusted gross  
22 income or, for corporations and fiduciaries, federal taxable income by  
23 this subsection shall be subtracted in a later taxable year. Twenty  
24 percent of the total amount of bonus depreciation added back by this  
25 subsection for tax years beginning or deemed to begin before January 1,  
26 2003, under the Internal Revenue Code of 1986, as amended, may be  
27 subtracted in the first taxable year beginning or deemed to begin on or  
28 after January 1, 2005, under the Internal Revenue Code of 1986, as  
29 amended, and twenty percent in each of the next four following taxable  
30 years. Twenty percent of the total amount of bonus depreciation added  
31 back by this subsection for tax years beginning or deemed to begin on or

1 after January 1, 2003, may be subtracted in the first taxable year  
2 beginning or deemed to begin on or after January 1, 2006, under the  
3 Internal Revenue Code of 1986, as amended, and twenty percent in each of  
4 the next four following taxable years.

5 (10) For taxable years beginning or deemed to begin on or after  
6 January 1, 2003, and before January 1, 2006, under the Internal Revenue  
7 Code of 1986, as amended, federal adjusted gross income or, for  
8 corporations and fiduciaries, federal taxable income shall be increased  
9 by the amount of any capital investment that is expensed under section  
10 179 of the Internal Revenue Code of 1986, as amended, that is in excess  
11 of twenty-five thousand dollars that is allowed under the federal Jobs  
12 and Growth Tax Act of 2003. Twenty percent of the total amount of  
13 expensing added back by this subsection for tax years beginning or deemed  
14 to begin on or after January 1, 2003, may be subtracted in the first  
15 taxable year beginning or deemed to begin on or after January 1, 2006,  
16 under the Internal Revenue Code of 1986, as amended, and twenty percent  
17 in each of the next four following tax years.

18 (11)(a) For taxable years beginning or deemed to begin before  
19 January 1, 2018, under the Internal Revenue Code of 1986, as amended,  
20 federal adjusted gross income shall be reduced by contributions, up to  
21 two thousand dollars per married filing jointly return or one thousand  
22 dollars for any other return, and any investment earnings made as a  
23 participant in the Nebraska long-term care savings plan under the Long-  
24 Term Care Savings Plan Act, to the extent not deducted for federal income  
25 tax purposes.

26 (b) For taxable years beginning or deemed to begin before January 1,  
27 2018, under the Internal Revenue Code of 1986, as amended, federal  
28 adjusted gross income shall be increased by the withdrawals made as a  
29 participant in the Nebraska long-term care savings plan under the act by  
30 a person who is not a qualified individual or for any reason other than  
31 transfer of funds to a spouse, long-term care expenses, long-term care

1 insurance premiums, or death of the participant, including withdrawals  
2 made by reason of cancellation of the participation agreement, to the  
3 extent previously deducted as a contribution or as investment earnings.

4 (12) There shall be added to federal adjusted gross income for  
5 individuals, estates, and trusts any amount taken as a credit for  
6 franchise tax paid by a financial institution under sections 77-3801 to  
7 77-3807 as allowed by subsection (5) of section 77-2715.07.

8 (13)(a) For taxable years beginning or deemed to begin on or after  
9 January 1, 2015, under the Internal Revenue Code of 1986, as amended,  
10 federal adjusted gross income shall be reduced by the amount received as  
11 benefits under the federal Social Security Act which are included in the  
12 federal adjusted gross income if:

13 (i) For taxpayers filing a married filing joint return, federal  
14 adjusted gross income is fifty-eight thousand dollars or less; or

15 (ii) For taxpayers filing any other return, federal adjusted gross  
16 income is forty-three thousand dollars or less.

17 (b) For taxable years beginning or deemed to begin on or after  
18 January 1, 2020, under the Internal Revenue Code of 1986, as amended, the  
19 Tax Commissioner shall adjust the dollar amounts provided in subdivisions  
20 (13)(a)(i) and (ii) of this section by the same percentage used to adjust  
21 individual income tax brackets under subsection (5) ~~(3)~~ of section  
22 77-2715.03.

23 (14) For taxable years beginning or deemed to begin on or after  
24 January 1, 2015, under the Internal Revenue Code of 1986, as amended, an  
25 individual may make a one-time election within two calendar years after  
26 the date of his or her retirement from the military to exclude income  
27 received as a military retirement benefit by the individual to the extent  
28 included in federal adjusted gross income and as provided in this  
29 subsection. The individual may elect to exclude forty percent of his or  
30 her military retirement benefit income for seven consecutive taxable  
31 years beginning with the year in which the election is made or may elect

1 to exclude fifteen percent of his or her military retirement benefit  
2 income for all taxable years beginning with the year in which he or she  
3 turns sixty-seven years of age. For purposes of this subsection, military  
4 retirement benefit means retirement benefits that are periodic payments  
5 attributable to service in the uniformed services of the United States  
6 for personal services performed by an individual prior to his or her  
7 retirement.

8 Sec. 4. Section 77-2734.02, Reissue Revised Statutes of Nebraska, is  
9 amended to read:

10 77-2734.02 (1) Except as provided in subsection (3) ~~(2)~~ of this  
11 section, a tax is hereby imposed on the taxable income of every corporate  
12 taxpayer that is doing business in this state:

13 (a) For taxable years beginning or deemed to begin before January 1,  
14 2013, at a rate equal to one hundred fifty and eight-tenths percent of  
15 the primary rate imposed on individuals under section 77-2701.01 on the  
16 first one hundred thousand dollars of taxable income and at the rate of  
17 two hundred eleven percent of such rate on all taxable income in excess  
18 of one hundred thousand dollars. The resultant rates shall be rounded to  
19 the nearest one hundredth of one percent; ~~and~~

20 (b) For taxable years beginning or deemed to begin on or after  
21 January 1, 2013, and before January 1, 2020, at a rate equal to 5.58  
22 percent on the first one hundred thousand dollars of taxable income and  
23 at the rate of 7.81 percent on all taxable income in excess of one  
24 hundred thousand dollars; and -

25 (c) For taxable years beginning or deemed to begin on or after  
26 January 1, 2020, at a rate equal to 5.58 percent on the first one hundred  
27 thousand dollars of taxable income and at the rate of 7.81 percent on all  
28 taxable income in excess of one hundred thousand dollars, except that the  
29 rate for income in excess of one hundred thousand dollars shall be  
30 reduced by the Tax Commissioner each time he or she receives  
31 certification pursuant to subsection (3) of section 77-2715.01. The Tax

1 Commissioner shall reduce such rate according to the following schedule:

2 (i) The first time such certification is received, the rate shall be  
3 reduced to 6.75 percent;

4 (ii) The second time such certification is received, the rate shall  
5 be reduced to 6.50 percent;

6 (iii) The third time such certification is received, the rate shall  
7 be reduced to 6.25 percent; and

8 (iv) The fourth time such certification is received, the rate shall  
9 be reduced to 5.99 percent.

10 Each time the tax rate is reduced pursuant to such schedule, the  
11 reduced rate shall take effect for taxable years beginning or deemed to  
12 begin on or after the first January 1 following such reduction. The  
13 reduced rate shall remain in place until the next reduction takes effect,  
14 if any.

15 (2) For corporate taxpayers with a fiscal year that does not  
16 coincide with the calendar year, the individual rate used for this  
17 subsection (1) of this section shall be the rate in effect on the first  
18 day, or the day deemed to be the first day, of the taxable year.

19 (3) ~~(2)~~ An insurance company shall be subject to taxation at the  
20 lesser of the rate described in subsection (1) of this section or the  
21 rate of tax imposed by the state or country in which the insurance  
22 company is domiciled if the insurance company can establish to the  
23 satisfaction of the Tax Commissioner that it is domiciled in a state or  
24 country other than Nebraska that imposes on Nebraska domiciled insurance  
25 companies a retaliatory tax against the tax described in subsection (1)  
26 of this section.

27 (4) ~~(3)~~ For a corporate taxpayer that is subject to tax in another  
28 state, its taxable income shall be the portion of the taxpayer's federal  
29 taxable income, as adjusted, that is determined to be connected with the  
30 taxpayer's operations in this state pursuant to sections 77-2734.05 to  
31 77-2734.15.



1           (5) ~~(4)~~ Each corporate taxpayer shall file only one income tax  
2 return for each taxable year.

3           Sec. 5. Section 84-612, Revised Statutes Cumulative Supplement,  
4 2018, is amended to read:

5           84-612 (1) There is hereby created within the state treasury a fund  
6 known as the Cash Reserve Fund which shall be under the direction of the  
7 State Treasurer. The fund shall only be used pursuant to this section.

8           (2) The State Treasurer shall transfer funds from the Cash Reserve  
9 Fund to the General Fund upon certification by the Director of  
10 Administrative Services that the current cash balance in the General Fund  
11 is inadequate to meet current obligations. Such certification shall  
12 include the dollar amount to be transferred. Any transfers made pursuant  
13 to this subsection shall be reversed upon notification by the Director of  
14 Administrative Services that sufficient funds are available.

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

19           (4) The State Treasurer, at the direction of the budget  
20 administrator of the budget division of the Department of Administrative  
21 Services, shall transfer not to exceed forty million seven hundred  
22 fifteen thousand four hundred fifty-nine dollars in total from the Cash  
23 Reserve Fund to the Nebraska Capital Construction Fund between July 1,  
24 2013, and June 30, 2018.

25           (5) The State Treasurer shall transfer the following amounts from  
26 the Cash Reserve Fund to the Nebraska Capital Construction Fund on such  
27 dates as directed by the budget administrator of the budget division of  
28 the Department of Administrative Services:

29           (a) Seven million eight hundred four thousand two hundred ninety-two  
30 dollars on or after June 15, 2016, but before June 30, 2016;

31           (b) Five million fifty-eight thousand four hundred five dollars on

1 or after July 1, 2018, but before June 30, 2019, on such dates and in  
2 such amounts as directed by the budget administrator of the budget  
3 division of the Department of Administrative Services; and

4 (c) Fifteen million three hundred seventy-eight thousand three  
5 hundred nine dollars on or after January 1, 2019, but before June 30,  
6 2019, on such dates and in such amounts as directed by the budget  
7 administrator of the budget division of the Department of Administrative  
8 Services.

9 (6) The State Treasurer shall transfer seventy-five million two  
10 hundred fifteen thousand three hundred thirteen dollars from the Cash  
11 Reserve Fund to the Nebraska Capital Construction Fund on or before July  
12 31, 2017, on such date as directed by the budget administrator of the  
13 budget division of the Department of Administrative Services.

14 (7) The State Treasurer shall transfer thirty-one million dollars  
15 from the Cash Reserve Fund to the General Fund after July 1, 2017, but  
16 before July 15, 2017, on such date as directed by the budget  
17 administrator of the budget division of the Department of Administrative  
18 Services.

19 (8) The State Treasurer shall transfer thirty-one million dollars  
20 from the Cash Reserve Fund to the General Fund after October 1, 2017, but  
21 before October 15, 2017, on such date as directed by the budget  
22 administrator of the budget division of the Department of Administrative  
23 Services.

24 (9) The State Treasurer shall transfer thirty-one million dollars  
25 from the Cash Reserve Fund to the General Fund after January 1, 2018, but  
26 before January 15, 2018, on such date as directed by the budget  
27 administrator of the budget division of the Department of Administrative  
28 Services.

29 (10) The State Treasurer shall transfer thirty-two million dollars  
30 from the Cash Reserve Fund to the General Fund after April 1, 2018, but  
31 before April 15, 2018, on such date as directed by the budget

1 administrator of the budget division of the Department of Administrative  
2 Services.

3 (11) The State Treasurer shall transfer one hundred million dollars  
4 from the Cash Reserve Fund to the General Fund on or before June 30,  
5 2018, on such dates and in such amounts as directed by the budget  
6 administrator of the budget division of the Department of Administrative  
7 Services.

8 (12) The State Treasurer shall transfer forty-eight million dollars  
9 from the Cash Reserve Fund to the General Fund after March 1, 2019, but  
10 before March 15, 2019, on such date as directed by the budget  
11 administrator of the budget division of the Department of Administrative  
12 Services.

13 (13) Each time the State Treasurer receives certification from the  
14 Tax Rate Review Committee pursuant to subsection (3) of section  
15 77-2715.01, he or she shall transfer seventy-five million dollars from  
16 the Cash Reserve Fund to the Property Tax Credit Cash Fund on such date  
17 as directed by the budget administrator of the budget division of the  
18 Department of Administrative Services.

19 Sec. 6. Original sections 77-2715.01, 77-2715.03, 77-2716, and  
20 77-2734.02, Reissue Revised Statutes of Nebraska, and section 84-612,  
21 Revised Statutes Cumulative Supplement, 2018, are repealed.