AMENDMENTS TO LB939

(Amendments to Final Reading copy)

Introduced by Briese, 41.

1. Strike the original sections and insert the following new sections:

Section 1. Section 77-2715.03, Reissue Revised Statutes of Nebraska, is amended to read:

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

Individual Income Tax Brackets and Rates

<table>
<thead>
<tr>
<th>Bracket Number</th>
<th>Single</th>
<th>Married, Jointly</th>
<th>Head of Household</th>
<th>Married, Separate</th>
<th>Estates</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$0-2,399</td>
<td>$0-4,799</td>
<td>$0-4,499</td>
<td>$0-2,399</td>
<td>$0-499</td>
<td>2.46%</td>
</tr>
<tr>
<td>2</td>
<td>$2,400-</td>
<td>$4,800-</td>
<td>$4,500-</td>
<td>$2,400-</td>
<td>$500-</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>17,499</td>
<td>34,999</td>
<td>27,999</td>
<td>17,499</td>
<td>4,699</td>
<td>3.51%</td>
</tr>
<tr>
<td>4</td>
<td>$17,500-</td>
<td>$35,000-</td>
<td>$28,000-</td>
<td>$17,500-</td>
<td>$4,700-</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>26,999</td>
<td>53,999</td>
<td>39,999</td>
<td>26,999</td>
<td>15,149</td>
<td>5.01%</td>
</tr>
<tr>
<td>6</td>
<td>$27,000</td>
<td>$54,000</td>
<td>$40,000</td>
<td>$27,000</td>
<td>$15,150</td>
<td></td>
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and Over and Over and Over and Over and Over 6.84%
<table>
<thead>
<tr>
<th>No.</th>
<th>Bracket</th>
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<th>Bracket</th>
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<td>2.46%</td>
</tr>
<tr>
<td>2</td>
<td>$3,000-</td>
<td>$6,000-</td>
<td>$5,600-</td>
<td>$3,000-</td>
<td>$500-</td>
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<td>42,999</td>
<td>28,999</td>
<td>15,149</td>
<td>5.01%</td>
</tr>
<tr>
<td>6</td>
<td>$29,000</td>
<td>$58,000</td>
<td>$43,000</td>
<td>$29,000</td>
<td>$15,150</td>
<td></td>
</tr>
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<td>7</td>
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<td>and Over</td>
<td>and Over</td>
<td>and Over</td>
<td>and Over</td>
<td>Top Rate</td>
</tr>
<tr>
<td>8</td>
<td>$29,000</td>
<td>$58,000</td>
<td>$43,000</td>
<td>$29,000</td>
<td>$15,150</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>and Over</td>
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<td>and Over</td>
<td>and Over</td>
<td>and Over</td>
<td>6.84%</td>
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</tbody>
</table>

For purposes of this subsection, the top rate shall be:

(a) 6.84% for taxable years beginning or deemed to begin on or after January 1, 2014, and before January 1, 2023;

(b) 6.64% for taxable years beginning or deemed to begin on or after January 1, 2023, and before January 1, 2024;

(c) 6.44% for taxable years beginning or deemed to begin on or after January 1, 2024, and before January 1, 2025;

(d) 6.24% for taxable years beginning or deemed to begin on or after January 1, 2025, and before January 1, 2026;

(e) 6.00% for taxable years beginning or deemed to begin on or after January 1, 2026, and before January 1, 2027; and

(f) 5.84% for taxable years beginning or deemed to begin on or after January 1, 2027.

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

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

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

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

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

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

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

Sec. 2. Section 77-2734.02, Revised Statutes Supplement, 2021, is
amended to read:

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

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

(b) For taxable years beginning or deemed to begin on or after
January 1, 2013, and before January 1, 2022, at a rate equal to 5.58
percent on the first one hundred thousand dollars of taxable income and
at the rate of 7.81 percent on all taxable income in excess of one
hundred thousand dollars;

(c) For taxable years beginning or deemed to begin on or after
January 1, 2022, and before January 1, 2023, at a rate equal to 5.58
percent on the first one hundred thousand dollars of taxable income and
at the rate of 7.50 percent on all taxable income in excess of one hundred thousand dollars; and

(d) For taxable years beginning or deemed to begin on or after January 1, 2023, and before January 1, 2024, at a rate equal to 5.58 percent on the first one hundred thousand dollars of taxable income and at the rate of 7.25 percent on all taxable income in excess of one hundred thousand dollars;

(e) For taxable years beginning or deemed to begin on or after January 1, 2024, and before January 1, 2025, at a rate equal to 5.58 percent on the first one hundred thousand dollars of taxable income and at the rate of 6.50 percent on all taxable income in excess of one hundred thousand dollars;

(f) For taxable years beginning or deemed to begin on or after January 1, 2025, and before January 1, 2026, at a rate equal to 5.58 percent on the first one hundred thousand dollars of taxable income and at the rate of 6.24 percent on all taxable income in excess of one hundred thousand dollars;

(g) For taxable years beginning or deemed to begin on or after January 1, 2026, and before January 1, 2027, at a rate equal to 5.58 percent on the first one hundred thousand dollars of taxable income and at the rate of 6.00 percent on all taxable income in excess of one hundred thousand dollars; and

(h) For taxable years beginning or deemed to begin on or after January 1, 2027, at a rate equal to 5.58 percent on the first one hundred thousand dollars of taxable income and at the rate of 5.84 percent on all taxable income in excess of one hundred thousand dollars.

It is the intent of the Legislature to enact legislation after August 28, 2021, to lower the tax rate applicable to income in excess of one hundred thousand dollars to 7.00 percent for taxable years beginning or deemed to begin on or after January 1, 2024, and before January 1, 2025, and to 6.84 percent for taxable years beginning or deemed to begin on or after January 1, 2026, and before January 1, 2027.
on or after January 1, 2025.

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

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

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

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

Sec. 3. Section 77-6701, Revised Statutes Cumulative Supplement, 2020, is amended to read:

77-6701 Sections 77-6701 to 77-6705 and section 6 of this act shall be known and may be cited as the Nebraska Property Tax Incentive Act.

Sec. 4. Section 77-6702, Revised Statutes Cumulative Supplement, 2020, is amended to read:

77-6702 For purposes of the Nebraska Property Tax Incentive Act:

(1) Allowable growth percentage means the percentage increase, if any, in the total assessed value of all real property in the state from the prior year to the current year, as determined by the department, except that in no case shall the allowable growth percentage exceed five
percent in any one year;

(2) Community college taxes means property taxes levied on real property in this state by a community college area, excluding any property taxes levied for bonded indebtedness and any property taxes levied as a result of an override of limits on property tax levies approved by voters pursuant to section 77-3444;

(3) Department means the Department of Revenue;

(4) Eligible taxpayer means any individual, corporation, partnership, limited liability company, trust, estate, or other entity that pays school district taxes or community college taxes during a taxable year; and

(5) School district taxes means property taxes levied on real property in this state by a school district or multiple-district school system, excluding any property taxes levied for bonded indebtedness and any property taxes levied as a result of an override of limits on property tax levies approved by voters pursuant to section 77-3444.

Sec. 5. Section 77-6703, Revised Statutes Supplement, 2021, is amended to read:

77-6703 (1) For taxable years beginning or deemed to begin on or after January 1, 2020, under the Internal Revenue Code of 1986, as amended, there shall be allowed to each eligible taxpayer a refundable credit against the income tax imposed by the Nebraska Revenue Act of 1967 or against the franchise tax imposed by sections 77-3801 to 77-3807. The credit shall be equal to the credit percentage for the taxable year, as set by the department under subsection (2) of this section, multiplied by the amount of school district taxes paid by the eligible taxpayer during such taxable year.

(2)(a) For taxable years beginning or deemed to begin during calendar year 2020, the department shall set the credit percentage so that the total amount of credits for such taxable years shall be one hundred twenty-five million dollars;
(b) For taxable years beginning or deemed to begin during calendar year 2021, the department shall set the credit percentage so that the total amount of credits for such taxable years shall be one hundred twenty-five million dollars plus either (i) the amount calculated for such calendar year under subdivision (3)(b)(ii)(B) of section 77-4602 or (ii) the amount calculated for such calendar year under subdivision (3)(c)(ii)(B) of section 77-4602, whichever is applicable;

(c) For taxable years beginning or deemed to begin during calendar year 2022, the department shall set the credit percentage so that the total amount of credits for such taxable years shall be five hundred forty-eight million dollars the maximum amount of credits allowed under subdivision (2)(b) of this section plus either (i) the amount calculated for such calendar year under subdivision (3)(b)(ii)(B) of section 77-4602 or (ii) the amount calculated for such calendar year under subdivision (3)(c)(ii)(B) of section 77-4602, whichever is applicable;

(d) For taxable years beginning or deemed to begin during calendar year 2023, the department shall set the credit percentage so that the total amount of credits for such taxable years shall be five hundred sixty million seven hundred thousand dollars the maximum amount of credits allowed under subdivision (2)(c) of this section plus either (i) the amount calculated for such calendar year under subdivision (3)(b)(ii) (B) of section 77-4602 or (ii) the amount calculated for such calendar year under subdivision (3)(c)(ii)(B) of section 77-4602, whichever is applicable; and

(e) For taxable years beginning or deemed to begin during calendar year 2024, the department shall set the credit percentage so that the total amount of credits for such taxable years shall be three hundred seventy-five million dollars; and

(e) (f) For taxable years beginning or deemed to begin during calendar year 2024 2025 and each calendar year thereafter, the department shall set the credit percentage so that the total amount of credits for
such taxable years shall be the maximum amount of credits allowed in the prior year increased by the allowable growth percentage.

(3) If the school district taxes are paid by a corporation having an election in effect under subchapter S of the Internal Revenue Code, a partnership, a limited liability company, a trust, or an estate, the amount of school district taxes paid during the taxable year may be allocated to the shareholders, partners, members, or beneficiaries in the same proportion that income is distributed for taxable years beginning or deemed to begin before January 1, 2021, under the Internal Revenue Code of 1986, as amended. The department shall provide forms and schedules necessary for verifying eligibility for the credit provided in this section and for allocating the school district taxes paid. For taxable years beginning or deemed to begin on or after January 1, 2021, under the Internal Revenue Code of 1986, as amended, the refundable credit shall be claimed by the corporation having an election in effect under subchapter S of the Internal Revenue Code, the partnership, the limited liability company, the trust, or the estate that paid the school district taxes.

(4) For any fiscal year or short year taxpayer, the credit may be claimed in the first taxable year that begins following the calendar year for which the credit percentage was determined. The credit shall be taken for the school district taxes paid by the taxpayer during the immediately preceding calendar year.

(5) For the first taxable year beginning or deemed to begin on or after January 1, 2021, and before January 1, 2022, under the Internal Revenue Code of 1986, as amended, for a corporation having an election in effect under subchapter S of the Internal Revenue Code, a partnership, a limited liability company, a trust, or an estate that paid school district taxes in calendar year 2020 but did not claim the credit directly or allocate such school district taxes to the shareholders, partners, members, or beneficiaries as permitted under subsection (3) of this section, there shall be allowed an additional refundable credit.
This credit shall be equal to six percent, multiplied by the amount of school district taxes paid during 2020 by the eligible taxpayer.

Sec. 6. (1) For taxable years beginning or deemed to begin on or after January 1, 2022, under the Internal Revenue Code of 1986, as amended, there shall be allowed to each eligible taxpayer a refundable credit against the income tax imposed by the Nebraska Revenue Act of 1967 or against the franchise tax imposed by sections 77-3801 to 77-3807. The credit shall be equal to the credit percentage for the taxable year, as set by the department under subsection (2) of this section, multiplied by the amount of community college taxes paid by the eligible taxpayer during such taxable year.

(2)(a) For taxable years beginning or deemed to begin during calendar year 2022, the department shall set the credit percentage so that the total amount of credits for such taxable years shall be fifty million dollars;

(b) For taxable years beginning or deemed to begin during calendar year 2023, the department shall set the credit percentage so that the total amount of credits for such taxable years shall be one hundred million dollars;

(c) For taxable years beginning or deemed to begin during calendar year 2024, the department shall set the credit percentage so that the total amount of credits for such taxable years shall be one hundred twenty-five million dollars;

(d) For taxable years beginning or deemed to begin during calendar year 2025, the department shall set the credit percentage so that the total amount of credits for such taxable years shall be one hundred fifty million dollars;

(e) For taxable years beginning or deemed to begin during calendar year 2026, the department shall set the credit percentage so that the total amount of credits for such taxable years shall be one hundred ninety-five million dollars; and
(f) For taxable years beginning or deemed to begin during calendar year 2027 and each calendar year thereafter, the department shall set the credit percentage so that the total amount of credits for such taxable years shall be the maximum amount of credits allowed in the prior year increased by the allowable growth percentage.

(3) If the community college taxes are paid by a corporation having an election in effect under subchapter S of the Internal Revenue Code, a partnership, a limited liability company, a trust, or an estate, the refundable credit shall be claimed by such corporation, partnership, limited liability company, trust, or estate.

(4) For any fiscal year or short year taxpayer, the credit may be claimed in the first taxable year that begins following the calendar year for which the credit percentage was determined. The credit shall be taken for the community college taxes paid by the taxpayer during the immediately preceding calendar year.

Sec. 7. Original section 77-2715.03, Reissue Revised Statutes of Nebraska, sections 77-6701 and 77-6702, Revised Statutes Cumulative Supplement, 2020, and sections 77-2734.02 and 77-6703, Revised Statutes Supplement, 2021, are repealed.