

AMENDMENTS TO LB873

Introduced by Revenue.

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

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

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

8 Individual Income Tax Brackets and Rates

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

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

22 Individual Income Tax Brackets and Rates

23 Bracket	Single	Married,	Head of	Married,	Estates	Tax
24 Number	Individuals	Filing	Household	Filing	and	Rate
		Jointly		Separate	Trusts	
26 1	\$0-2,999	\$0-5,999	\$0-5,599	\$0-2,999	\$0-499	2.46%

1	2	\$3,000-	\$6,000-	\$5,600-	\$3,000-	\$500-	
2		17,999	35,999	28,799	17,999	4,699	3.51%
3	3	\$18,000-	\$36,000-	\$28,800-	\$18,000-	\$4,700-	
4		28,999	57,999	42,999	28,999	15,149	5.01%
5	<u>4</u>	<u>\$29,000</u>	<u>\$58,000</u>	<u>\$43,000</u>	<u>\$29,000</u>	<u>\$15,150</u>	
6		<u>and Over</u>	<u>and Over</u>	<u>and Over</u>	<u>and Over</u>	<u>and Over</u>	<u>Top Rate</u>
7	4	\$29,000	\$58,000	\$43,000	\$29,000	\$15,150	
8		and Over	and Over	and Over	and Over	and Over	6.84%

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

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

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

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

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

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

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

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

1 rounded up to the nearest ten-dollar amount.

2 (b)(i) For taxable years beginning or deemed to begin on or after
3 January 1, 2015, and before January 1, 2018, the Tax Commissioner shall
4 adjust the income tax brackets by the percentage determined pursuant to
5 the provisions of section 1(f) of the Internal Revenue Code of 1986, as
6 it existed prior to December 22, 2017, except that in section 1(f)(3)(B)
7 of the code the year 2013 shall be substituted for the year 1992. For
8 2015, the Tax Commissioner shall then determine the percent change from
9 the twelve months ending on August 31, 2013, to the twelve months ending
10 on August 31, 2014, and in each subsequent year, from the twelve months
11 ending on August 31, 2013, to the twelve months ending on August 31 of
12 the year preceding the taxable year. The Tax Commissioner shall prescribe
13 new tax rate schedules that apply in lieu of the schedules set forth in
14 subsection (2) of this section.

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

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

27 (5) The Tax Commissioner shall prepare, from the rate schedules, tax
28 tables which can be used by a majority of the taxpayers to determine
29 their Nebraska tax liability. The design of the tax tables shall be
30 determined by the Tax Commissioner. The size of the tax table brackets
31 may change as the level of income changes. The difference in tax between

1 two tax table brackets shall not exceed fifteen dollars. The Tax
2 Commissioner may build the personal exemption credit and standard
3 deduction amounts into the tax tables.

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

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

11 Sec. 2. Section 77-2716, Revised Statutes Supplement, 2021, is
12 amended to read:

13 77-2716 (1) The following adjustments to federal adjusted gross
14 income or, for corporations and fiduciaries, federal taxable income shall
15 be made for interest or dividends received:

16 (a)(i) There shall be subtracted interest or dividends received by
17 the owner of obligations of the United States and its territories and
18 possessions or of any authority, commission, or instrumentality of the
19 United States to the extent includable in gross income for federal income
20 tax purposes but exempt from state income taxes under the laws of the
21 United States; and

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

26 (b) There shall be subtracted that portion of the total dividends
27 and other income received from a regulated investment company which is
28 attributable to obligations described in subdivision (a) of this
29 subsection as reported to the recipient by the regulated investment
30 company;

31 (c) There shall be added interest or dividends received by the owner

1 of obligations of the District of Columbia, other states of the United
2 States, or their political subdivisions, authorities, commissions, or
3 instrumentalities to the extent excluded in the computation of gross
4 income for federal income tax purposes except that such interest or
5 dividends shall not be added if received by a corporation which is a
6 regulated investment company;

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

12 (e)(i) Any amount subtracted under this subsection shall be reduced
13 by any interest on indebtedness incurred to carry the obligations or
14 securities described in this subsection or the investment in the
15 regulated investment company and by any expenses incurred in the
16 production of interest or dividend income described in this subsection to
17 the extent that such expenses, including amortizable bond premiums, are
18 deductible in determining federal taxable income.

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

22 (2) There shall be allowed a net operating loss derived from or
23 connected with Nebraska sources computed under rules and regulations
24 adopted and promulgated by the Tax Commissioner consistent, to the extent
25 possible under the Nebraska Revenue Act of 1967, with the laws of the
26 United States. For a resident individual, estate, or trust, the net
27 operating loss computed on the federal income tax return shall be
28 adjusted by the modifications contained in this section. For a
29 nonresident individual, estate, or trust or for a partial-year resident
30 individual, the net operating loss computed on the federal return shall
31 be adjusted by the modifications contained in this section and any

1 carryovers or carrybacks shall be limited to the portion of the loss
2 derived from or connected with Nebraska sources.

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

9 (4) Federal adjusted gross income, or, for a fiduciary, federal
10 taxable income shall be modified to exclude the portion of the income or
11 loss received from a small business corporation with an election in
12 effect under subchapter S of the Internal Revenue Code or from a limited
13 liability company organized pursuant to the Nebraska Uniform Limited
14 Liability Company Act that is not derived from or connected with Nebraska
15 sources as determined in section 77-2734.01.

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

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

27 (a) The amount of federal taxable income from operations within a
28 foreign taxing jurisdiction shall be reduced by the amount of taxes
29 actually paid to the foreign jurisdiction that are not deductible solely
30 because the foreign tax credit was elected on the federal income tax
31 return;

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

3 (c) The result of the calculation in subdivision (b) of this
4 subsection shall be subtracted from the amount of federal taxable income
5 used in subdivision (a) of this subsection. The result of such
6 calculation, if greater than zero, shall be subtracted from federal
7 taxable income.

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

11 (8)(a) Federal adjusted gross income or, for corporations and
12 fiduciaries, federal taxable income shall be reduced, to the extent
13 included, by income from interest, earnings, and state contributions
14 received from the Nebraska educational savings plan trust created in
15 sections 85-1801 to 85-1817 and any account established under the
16 achieving a better life experience program as provided in sections
17 77-1401 to 77-1409.

18 (b) Federal adjusted gross income or, for corporations and
19 fiduciaries, federal taxable income shall be reduced by any contributions
20 as a participant in the Nebraska educational savings plan trust or
21 contributions to an account established under the achieving a better life
22 experience program made for the benefit of a beneficiary as provided in
23 sections 77-1401 to 77-1409, to the extent not deducted for federal
24 income tax purposes, but not to exceed five thousand dollars per married
25 filing separate return or ten thousand dollars for any other return. With
26 respect to a qualified rollover within the meaning of section 529 of the
27 Internal Revenue Code from another state's plan, any interest, earnings,
28 and state contributions received from the other state's educational
29 savings plan which is qualified under section 529 of the code shall
30 qualify for the reduction provided in this subdivision. For contributions
31 by a custodian of a custodial account including rollovers from another

1 custodial account, the reduction shall only apply to funds added to the
2 custodial account after January 1, 2014.

3 (c) For taxable years beginning or deemed to begin on or after
4 January 1, 2021, under the Internal Revenue Code of 1986, as amended,
5 federal adjusted gross income shall be reduced, to the extent included in
6 the adjusted gross income of an individual, by the amount of any
7 contribution made by the individual's employer into an account under the
8 Nebraska educational savings plan trust owned by the individual, not to
9 exceed five thousand dollars per married filing separate return or ten
10 thousand dollars for any other return.

11 (d) Federal adjusted gross income or, for corporations and
12 fiduciaries, federal taxable income shall be increased by:

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

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

21 (9)(a) For income tax returns filed after September 10, 2001, for
22 taxable years beginning or deemed to begin before January 1, 2006, under
23 the Internal Revenue Code of 1986, as amended, federal adjusted gross
24 income or, for corporations and fiduciaries, federal taxable income shall
25 be increased by eighty-five percent of any amount of any federal bonus
26 depreciation received under the federal Job Creation and Worker
27 Assistance Act of 2002 or the federal Jobs and Growth Tax Act of 2003,
28 under section 168(k) or section 1400L of the Internal Revenue Code of
29 1986, as amended, for assets placed in service after September 10, 2001,
30 and before December 31, 2005.

31 (b) For a partnership, limited liability company, cooperative,

1 including any cooperative exempt from income taxes under section 521 of
2 the Internal Revenue Code of 1986, as amended, limited cooperative
3 association, subchapter S corporation, or joint venture, the increase
4 shall be distributed to the partners, members, shareholders, patrons, or
5 beneficiaries in the same manner as income is distributed for use against
6 their income tax liabilities.

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

11 (d) The amount of bonus depreciation added to federal adjusted gross
12 income or, for corporations and fiduciaries, federal taxable income by
13 this subsection shall be subtracted in a later taxable year. Twenty
14 percent of the total amount of bonus depreciation added back by this
15 subsection for tax years beginning or deemed to begin before January 1,
16 2003, under the Internal Revenue Code of 1986, as amended, may be
17 subtracted in the first taxable year beginning or deemed to begin on or
18 after January 1, 2005, under the Internal Revenue Code of 1986, as
19 amended, and twenty percent in each of the next four following taxable
20 years. Twenty percent of the total amount of bonus depreciation added
21 back by this subsection for tax years beginning or deemed to begin on or
22 after January 1, 2003, may be subtracted in the first taxable year
23 beginning or deemed to begin on or after January 1, 2006, under the
24 Internal Revenue Code of 1986, as amended, and twenty percent in each of
25 the next four following taxable years.

26 (10) For taxable years beginning or deemed to begin on or after
27 January 1, 2003, and before January 1, 2006, under the Internal Revenue
28 Code of 1986, as amended, federal adjusted gross income or, for
29 corporations and fiduciaries, federal taxable income shall be increased
30 by the amount of any capital investment that is expensed under section
31 179 of the Internal Revenue Code of 1986, as amended, that is in excess

1 of twenty-five thousand dollars that is allowed under the federal Jobs
2 and Growth Tax Act of 2003. Twenty percent of the total amount of
3 expensing added back by this subsection for tax years beginning or deemed
4 to begin on or after January 1, 2003, may be subtracted in the first
5 taxable year beginning or deemed to begin on or after January 1, 2006,
6 under the Internal Revenue Code of 1986, as amended, and twenty percent
7 in each of the next four following tax years.

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

16 (b) For taxable years beginning or deemed to begin before January 1,
17 2018, under the Internal Revenue Code of 1986, as amended, federal
18 adjusted gross income shall be increased by the withdrawals made as a
19 participant in the Nebraska long-term care savings plan under the act by
20 a person who is not a qualified individual or for any reason other than
21 transfer of funds to a spouse, long-term care expenses, long-term care
22 insurance premiums, or death of the participant, including withdrawals
23 made by reason of cancellation of the participation agreement, to the
24 extent previously deducted as a contribution or as investment earnings.

25 (12) There shall be added to federal adjusted gross income for
26 individuals, estates, and trusts any amount taken as a credit for
27 franchise tax paid by a financial institution under sections 77-3801 to
28 77-3807 as allowed by subsection (5) of section 77-2715.07.

29 (13)(a) For taxable years beginning or deemed to begin on or after
30 January 1, 2015, and before January 1, 2025, under the Internal Revenue
31 Code of 1986, as amended, federal adjusted gross income shall be reduced

1 by the amount received as benefits under the federal Social Security Act
2 which are included in the federal adjusted gross income if:

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

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

7 (b) For taxable years beginning or deemed to begin on or after
8 January 1, 2020, and before January 1, 2025, under the Internal Revenue
9 Code of 1986, as amended, the Tax Commissioner shall adjust the dollar
10 amounts provided in subdivisions (13)(a)(i) and (ii) of this section by
11 the same percentage used to adjust individual income tax brackets under
12 subsection (3) of section 77-2715.03.

13 (c) For taxable years beginning or deemed to begin on or after
14 January 1, 2021, and before January 1, 2025, under the Internal Revenue
15 Code of 1986, as amended, a taxpayer may claim the reduction to federal
16 adjusted gross income allowed under this subsection or the reduction to
17 federal adjusted gross income allowed under subsection (14) of this
18 section, whichever provides the greater reduction.

19 (14)(a) For taxable years beginning or deemed to begin on or after
20 January 1, 2021, under the Internal Revenue Code of 1986, as amended,
21 federal adjusted gross income shall be reduced by a percentage of the
22 social security benefits that are received and included in federal
23 adjusted gross income. The pertinent percentage shall be:

24 (i) Five percent for taxable years beginning or deemed to begin on
25 or after January 1, 2021, and before January 1, 2022, under the Internal
26 Revenue Code of 1986, as amended;

27 (ii) Forty ~~Twenty~~ percent for taxable years beginning or deemed to
28 begin on or after January 1, 2022, and before January 1, 2023, under the
29 Internal Revenue Code of 1986, as amended;

30 (iii) Sixty ~~Thirty~~ percent for taxable years beginning or deemed to
31 begin on or after January 1, 2023, and before January 1, 2024, under the

1 Internal Revenue Code of 1986, as amended;

2 (iv) ~~Eighty~~ Forty percent for taxable years beginning or deemed to
3 begin on or after January 1, 2024, and before January 1, 2025, under the
4 Internal Revenue Code of 1986, as amended; and

5 (v) One hundred ~~Fifty~~ percent for taxable years beginning or deemed
6 to begin on or after January 1, 2025, under the Internal Revenue Code of
7 1986, as amended.

8 ~~(b) It is the intent of the Legislature to enact legislation within~~
9 ~~five years after August 28, 2021, to increase the percentage of social~~
10 ~~security benefits that are excluded under this subsection to (i) sixty~~
11 ~~percent for taxable years beginning or deemed to begin on or after~~
12 ~~January 1, 2026, and before January 1, 2027, under the Internal Revenue~~
13 ~~Code of 1986, as amended, (ii) seventy percent for taxable years~~
14 ~~beginning or deemed to begin on or after January 1, 2027, and before~~
15 ~~January 1, 2028, under the Internal Revenue Code of 1986, as amended,~~
16 ~~(iii) eighty percent for taxable years beginning or deemed to begin on or~~
17 ~~after January 1, 2028, and before January 1, 2029, under the Internal~~
18 ~~Revenue Code of 1986, as amended, (iv) ninety percent for taxable years~~
19 ~~beginning or deemed to begin on or after January 1, 2029, and before~~
20 ~~January 1, 2030, under the Internal Revenue Code of 1986, as amended, and~~
21 ~~(v) one hundred percent for taxable years beginning or deemed to begin on~~
22 ~~or after January 1, 2030, under the Internal Revenue Code of 1986, as~~
23 ~~amended.~~

24 ~~(b) (c)~~ For purposes of this subsection, social security benefits
25 means benefits received under the federal Social Security Act.

26 ~~(c) (d)~~ For taxable years beginning or deemed to begin on or after
27 January 1, 2021, and before January 1, 2025, under the Internal Revenue
28 Code of 1986, as amended, a taxpayer may claim the reduction to federal
29 adjusted gross income allowed under this subsection or the reduction to
30 federal adjusted gross income allowed under subsection (13) of this
31 section, whichever provides the greater reduction.

1 (15)(a) For taxable years beginning or deemed to begin on or after
2 January 1, 2015, and before January 1, 2022, under the Internal Revenue
3 Code of 1986, as amended, an individual may make a one-time election
4 within two calendar years after the date of his or her retirement from
5 the military to exclude income received as a military retirement benefit
6 by the individual to the extent included in federal adjusted gross income
7 and as provided in this subdivision. The individual may elect to exclude
8 forty percent of his or her military retirement benefit income for seven
9 consecutive taxable years beginning with the year in which the election
10 is made or may elect to exclude fifteen percent of his or her military
11 retirement benefit income for all taxable years beginning with the year
12 in which he or she turns sixty-seven years of age.

13 (b) For taxable years beginning or deemed to begin on or after
14 January 1, 2022, under the Internal Revenue Code of 1986, as amended, an
15 individual may exclude one hundred percent of the military retirement
16 benefit income received by such individual to the extent included in
17 federal adjusted gross income.

18 (c) For purposes of this subsection, military retirement benefit
19 means retirement benefits that are periodic payments attributable to
20 service in the uniformed services of the United States for personal
21 services performed by an individual prior to his or her retirement. The
22 term includes retirement benefits described in this subdivision that are
23 reported to the individual on either:

24 (i) An Internal Revenue Service Form 1099-R received from the United
25 States Department of Defense; or

26 (ii) An Internal Revenue Service Form 1099-R received from the
27 United States Office of Personnel Management.

28 (16) For taxable years beginning or deemed to begin on or after
29 January 1, 2021, under the Internal Revenue Code of 1986, as amended,
30 federal adjusted gross income shall be reduced by the amount received as
31 a Segal AmeriCorps Education Award, to the extent such amount is included

1 in federal adjusted gross income.

2 (17) For taxable years beginning or deemed to begin on or after
3 January 1, 2022, under the Internal Revenue Code of 1986, as amended,
4 federal adjusted gross income shall be reduced by the amount received by
5 or on behalf of a firefighter for cancer benefits under the Firefighter
6 Cancer Benefits Act to the extent included in federal adjusted gross
7 income.

8 Sec. 3. Section 77-2734.02, Revised Statutes Supplement, 2021, is
9 amended to read:

10 77-2734.02 (1) Except as provided in subsection (2) of this section,
11 a tax is hereby imposed on the taxable income of every corporate taxpayer
12 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;

20 (b) For taxable years beginning or deemed to begin on or after
21 January 1, 2013, and before January 1, 2022, 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;

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

30 (d) For taxable years beginning or deemed to begin on or after
31 January 1, 2023, and before January 1, 2024, at a rate equal to 5.58

1 percent on the first one hundred thousand dollars of taxable income and
2 at the rate of 7.25 percent on all taxable income in excess of one
3 hundred thousand dollars; -

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

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

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

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

23 ~~It is the intent of the Legislature to enact legislation after~~
24 ~~August 28, 2021, to lower the tax rate applicable to income in excess of~~
25 ~~one hundred thousand dollars to 7.00 percent for taxable years beginning~~
26 ~~or deemed to begin on or after January 1, 2024, and before January 1,~~
27 ~~2025, and to 6.84 percent for taxable years beginning or deemed to begin~~
28 ~~on or after January 1, 2025.~~

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

1 first day, of the taxable year.

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

10 (3) For a corporate taxpayer that is subject to tax in another
11 state, its taxable income shall be the portion of the taxpayer's federal
12 taxable income, as adjusted, that is determined to be connected with the
13 taxpayer's operations in this state pursuant to sections 77-2734.05 to
14 77-2734.15.

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

17 Sec. 4. Section 77-6701, Revised Statutes Cumulative Supplement,
18 2020, is amended to read:

19 77-6701 Sections 77-6701 to 77-6705 and section 7 of this act shall
20 be known and may be cited as the Nebraska Property Tax Incentive Act.

21 Sec. 5. Section 77-6702, Revised Statutes Cumulative Supplement,
22 2020, is amended to read:

23 77-6702 For purposes of the Nebraska Property Tax Incentive Act:

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

29 (2) Community college taxes means property taxes levied on real
30 property in this state by a community college area, excluding any
31 property taxes levied for bonded indebtedness and any property taxes

1 levied as a result of an override of limits on property tax levies
2 approved by voters pursuant to section 77-3444;

3 (3) ~~(2)~~ Department means the Department of Revenue;

4 (4) ~~(3)~~ Eligible taxpayer means any individual, corporation,
5 partnership, limited liability company, trust, estate, or other entity
6 that pays school district taxes or community college taxes during a
7 taxable year; and

8 (5) ~~(4)~~ School district taxes means property taxes levied on real
9 property in this state by a school district or multiple-district school
10 system, excluding any property taxes levied for bonded indebtedness and
11 any property taxes levied as a result of an override of limits on
12 property tax levies approved by voters pursuant to section 77-3444.

13 Sec. 6. Section 77-6703, Revised Statutes Supplement, 2021, is
14 amended to read:

15 77-6703 (1) For taxable years beginning or deemed to begin on or
16 after January 1, 2020, under the Internal Revenue Code of 1986, as
17 amended, there shall be allowed to each eligible taxpayer a refundable
18 credit against the income tax imposed by the Nebraska Revenue Act of 1967
19 or against the franchise tax imposed by sections 77-3801 to 77-3807. The
20 credit shall be equal to the credit percentage for the taxable year, as
21 set by the department under subsection (2) of this section, multiplied by
22 the amount of school district taxes paid by the eligible taxpayer during
23 such taxable year.

24 (2)(a) For taxable years beginning or deemed to begin during
25 calendar year 2020, the department shall set the credit percentage so
26 that the total amount of credits for such taxable years shall be one
27 hundred twenty-five million dollars;

28 (b) For taxable years beginning or deemed to begin during calendar
29 year 2021, the department shall set the credit percentage so that the
30 total amount of credits for such taxable years shall be one hundred
31 twenty-five million dollars plus either (i) the amount calculated for

1 such calendar year under subdivision (3)(b)(ii)(B) of section 77-4602 or
2 (ii) the amount calculated for such calendar year under subdivision (3)
3 (c)(ii)(B) of section 77-4602, whichever is applicable;

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

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

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

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

30 (3) If the school district taxes are paid by a corporation having an
31 election in effect under subchapter S of the Internal Revenue Code, a

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

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

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

30 Sec. 7. (1) For taxable years beginning or deemed to begin on or
31 after January 1, 2022, under the Internal Revenue Code of 1986, as

1 amended, there shall be allowed to each eligible taxpayer a refundable
2 credit against the income tax imposed by the Nebraska Revenue Act of 1967
3 or against the franchise tax imposed by sections 77-3801 to 77-3807. The
4 credit shall be equal to the credit percentage for the taxable year, as
5 set by the department under subsection (2) of this section, multiplied by
6 the amount of community college taxes paid by the eligible taxpayer
7 during such taxable year.

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

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

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

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

24 (e) For taxable years beginning or deemed to begin during calendar
25 year 2026, the department shall set the credit percentage so that the
26 total amount of credits for such taxable years shall be one hundred
27 ninety-five million dollars; and

28 (f) For taxable years beginning or deemed to begin during calendar
29 year 2027 and each calendar year thereafter, the department shall set the
30 credit percentage so that the total amount of credits for such taxable
31 years shall be the maximum amount of credits allowed in the prior year

1 increased by the allowable growth percentage.

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

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

12 Sec. 8. Original section 77-2715.03, Reissue Revised Statutes of
13 Nebraska, sections 77-6701 and 77-6702, Revised Statutes Cumulative
14 Supplement, 2020, and sections 77-2716, 77-2734.02, and 77-6703, Revised
15 Statutes Supplement, 2021, are repealed.