

LEGISLATURE OF NEBRASKA
ONE HUNDRED SEVENTH LEGISLATURE
SECOND SESSION

LEGISLATIVE BILL 1180

Introduced by Groene, 42.

Read first time January 19, 2022

Committee: Revenue

- 1 A BILL FOR AN ACT relating to revenue and taxation; to amend section
- 2 77-2715.03, Reissue Revised Statutes of Nebraska, and section
- 3 77-2716, Revised Statutes Supplement, 2021; to change individual
- 4 income tax brackets as prescribed; to harmonize provisions; and to
- 5 repeal the original sections.
- 6 Be it enacted by the people of the State of Nebraska,

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

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

6 Individual Income Tax Brackets and Rates

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

17 (2) For taxable years beginning or deemed to begin on or after
18 January 1, 2014, and before January 1, 2022, the following brackets and
19 rates are hereby established for the Nebraska individual income tax:

20 Individual Income Tax Brackets and Rates

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

1 (3)(a) For taxable years beginning or deemed to begin on or after
2 January 1, 2015, and before January 1, 2022, the minimum and maximum
3 dollar amounts for each income tax bracket provided in subsection (2) of
4 this section shall be adjusted for inflation by the percentage determined
5 under subdivision (3)(b) of this section. The rate applicable to any such
6 income tax bracket shall not be changed as part of any adjustment under
7 this subsection. The minimum and maximum dollar amounts for each income
8 tax bracket as adjusted shall be rounded to the nearest ten-dollar
9 amount. If the adjusted amount for any income tax bracket ends in a five,
10 it shall be rounded up to the nearest ten-dollar amount.

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

24 (ii) For taxable years beginning or deemed to begin on or after
25 January 1, 2018, and before January 1, 2022, the Tax Commissioner shall
26 adjust the income tax brackets in subsection (2) of this section based on
27 the percentage change in the Consumer Price Index for All Urban Consumers
28 published by the federal Bureau of Labor Statistics from the twelve
29 months ending on August 31, 2016, to the twelve months ending on August
30 31 of the year preceding the taxable year. The Tax Commissioner shall
31 prescribe new tax rate schedules that apply in lieu of the schedules set

1 forth in subsection (2) of this section.

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

5 Individual Income Tax Brackets and Rates

| 6 <u>Bracket</u> | <u>Single</u> | <u>Married,</u> | <u>Head of</u> | <u>Married,</u> | <u>Estates</u> | <u>Tax</u> |
|------------------|--------------------|------------------|------------------|------------------|-----------------|--------------|
| 7 <u>Number</u> | <u>Individuals</u> | <u>Filing</u> | <u>Household</u> | <u>Filing</u> | <u>and</u> | <u>Rate</u> |
| 8 | | <u>Jointly</u> | | <u>Separate</u> | <u>Trusts</u> | |
| 9 <u>1</u> | <u>\$0-3,339</u> | <u>\$0-6,659</u> | <u>\$0-6,219</u> | <u>\$0-3,339</u> | <u>\$0-499</u> | <u>2.46%</u> |
| 10 <u>2</u> | <u>\$3,340-</u> | <u>\$6,660-</u> | <u>\$6,220-</u> | <u>\$3,340-</u> | <u>\$500-</u> | |
| 11 | <u>19,989</u> | <u>39,989</u> | <u>31,989</u> | <u>19,989</u> | <u>4,699</u> | <u>3.51%</u> |
| 12 <u>3</u> | <u>\$19,990-</u> | <u>\$39,990-</u> | <u>\$31,990-</u> | <u>\$19,990-</u> | <u>\$4,700-</u> | |
| 13 | <u>59,999</u> | <u>149,999</u> | <u>86,999</u> | <u>59,999</u> | <u>15,149</u> | <u>5.01%</u> |
| 14 <u>4</u> | <u>\$60,000</u> | <u>\$150,000</u> | <u>\$87,000</u> | <u>\$60,000</u> | <u>\$15,150</u> | |
| 15 | <u>and Over</u> | <u>and Over</u> | <u>and Over</u> | <u>and Over</u> | <u>and Over</u> | <u>6.84%</u> |

16 (5)(a) For taxable years beginning or deemed to begin on or after
17 January 1, 2023, the minimum and maximum dollar amounts for each income
18 tax bracket provided in subsection (4) of this section shall be adjusted
19 for inflation by the percentage determined under subdivision (5)(b) of
20 this section. The rate applicable to any such income tax bracket shall
21 not be changed as part of any adjustment under this subsection. The
22 minimum and maximum dollar amounts for each income tax bracket as
23 adjusted shall be rounded to the nearest ten-dollar amount. If the
24 adjusted amount for any income tax bracket ends in a five, it shall be
25 rounded up to the nearest ten-dollar amount.

26 (b) The Tax Commissioner shall adjust the income tax brackets in
27 subsection (4) of this section based on the percentage change in the
28 Consumer Price Index for All Urban Consumers published by the federal
29 Bureau of Labor Statistics from the twelve months ending on August 31,
30 2021, to the twelve months ending on August 31 of the year preceding the
31 taxable year. The Tax Commissioner shall prescribe new tax rate schedules

1 that apply in lieu of the schedules set forth in subsection (4) of this
2 section.

3 ~~(6)~~ (4) Whenever the tax brackets or tax rates are changed by the
4 Legislature, the Tax Commissioner shall update the tax rate schedules to
5 reflect the new tax brackets or tax rates and shall publish such updated
6 schedules.

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

15 ~~(8)~~ (6) For taxable years beginning or deemed to begin on or after
16 January 1, 2013, the tax rate applied to other federal taxes included in
17 the computation of the Nebraska individual income tax shall be 29.6
18 percent.

19 ~~(9)~~ (7) The Tax Commissioner may require by rule and regulation that
20 all taxpayers shall use the tax tables if their income is less than the
21 maximum income included in the tax tables.

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

24 77-2716 (1) The following adjustments to federal adjusted gross
25 income or, for corporations and fiduciaries, federal taxable income shall
26 be made for interest or dividends received:

27 (a)(i) There shall be subtracted interest or dividends received by
28 the owner of obligations of the United States and its territories and
29 possessions or of any authority, commission, or instrumentality of the
30 United States to the extent includable in gross income for federal income
31 tax purposes but exempt from state income taxes under the laws of the

1 United States; and

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

6 (b) There shall be subtracted that portion of the total dividends
7 and other income received from a regulated investment company which is
8 attributable to obligations described in subdivision (a) of this
9 subsection as reported to the recipient by the regulated investment
10 company;

11 (c) There shall be added interest or dividends received by the owner
12 of obligations of the District of Columbia, other states of the United
13 States, or their political subdivisions, authorities, commissions, or
14 instrumentalities to the extent excluded in the computation of gross
15 income for federal income tax purposes except that such interest or
16 dividends shall not be added if received by a corporation which is a
17 regulated investment company;

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

23 (e)(i) Any amount subtracted under this subsection shall be reduced
24 by any interest on indebtedness incurred to carry the obligations or
25 securities described in this subsection or the investment in the
26 regulated investment company and by any expenses incurred in the
27 production of interest or dividend income described in this subsection to
28 the extent that such expenses, including amortizable bond premiums, are
29 deductible in determining federal taxable income.

30 (ii) Any amount added under this subsection shall be reduced by any
31 expenses incurred in the production of such income to the extent

1 disallowed in the computation of federal taxable income.

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

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

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

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

31 (6) There shall be subtracted from federal taxable income a portion

1 of the income earned by a corporation subject to the Internal Revenue
2 Code of 1986 that is actually taxed by a foreign country or one of its
3 political subdivisions at a rate in excess of the maximum federal tax
4 rate for corporations. The taxpayer may make the computation for each
5 foreign country or for groups of foreign countries. The portion of the
6 taxes that may be deducted shall be computed in the following manner:

7 (a) The amount of federal taxable income from operations within a
8 foreign taxing jurisdiction shall be reduced by the amount of taxes
9 actually paid to the foreign jurisdiction that are not deductible solely
10 because the foreign tax credit was elected on the federal income tax
11 return;

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

14 (c) The result of the calculation in subdivision (b) of this
15 subsection shall be subtracted from the amount of federal taxable income
16 used in subdivision (a) of this subsection. The result of such
17 calculation, if greater than zero, shall be subtracted from federal
18 taxable income.

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

22 (8)(a) Federal adjusted gross income or, for corporations and
23 fiduciaries, federal taxable income shall be reduced, to the extent
24 included, by income from interest, earnings, and state contributions
25 received from the Nebraska educational savings plan trust created in
26 sections 85-1801 to 85-1817 and any account established under the
27 achieving a better life experience program as provided in sections
28 77-1401 to 77-1409.

29 (b) Federal adjusted gross income or, for corporations and
30 fiduciaries, federal taxable income shall be reduced by any contributions
31 as a participant in the Nebraska educational savings plan trust or

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

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

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

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

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

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

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

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

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

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

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

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

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

1 transfer of funds to a spouse, long-term care expenses, long-term care
2 insurance premiums, or death of the participant, including withdrawals
3 made by reason of cancellation of the participation agreement, to the
4 extent previously deducted as a contribution or as investment earnings.

5 (12) There shall be added to federal adjusted gross income for
6 individuals, estates, and trusts any amount taken as a credit for
7 franchise tax paid by a financial institution under sections 77-3801 to
8 77-3807 as allowed by subsection (5) of section 77-2715.07.

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

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

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

18 (b) For taxable years beginning or deemed to begin on or after
19 January 1, 2020, under the Internal Revenue Code of 1986, as amended, the
20 Tax Commissioner shall adjust the dollar amounts provided in subdivisions
21 (13)(a)(i) and (ii) of this section by the same percentage used to adjust
22 individual income tax brackets under ~~subsection (3)~~ of section
23 77-2715.03.

24 (c) For taxable years beginning or deemed to begin on or after
25 January 1, 2021, under the Internal Revenue Code of 1986, as amended, a
26 taxpayer may claim the reduction to federal adjusted gross income allowed
27 under this subsection or the reduction to federal adjusted gross income
28 allowed under subsection (14) of this section, whichever provides the
29 greater reduction.

30 (14)(a) For taxable years beginning or deemed to begin on or after
31 January 1, 2021, under the Internal Revenue Code of 1986, as amended,

1 federal adjusted gross income shall be reduced by a percentage of the
2 social security benefits that are received and included in federal
3 adjusted gross income. The pertinent percentage shall be:

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

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

10 (iii) Thirty percent for taxable years beginning or deemed to begin
11 on or after January 1, 2023, and before January 1, 2024, under the
12 Internal Revenue Code of 1986, as amended;

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

16 (v) Fifty percent for taxable years beginning or deemed to begin on
17 or after January 1, 2025, under the Internal Revenue Code of 1986, as
18 amended.

19 (b) It is the intent of the Legislature to enact legislation within
20 five years after August 28, 2021, to increase the percentage of social
21 security benefits that are excluded under this subsection to (i) sixty
22 percent for taxable years beginning or deemed to begin on or after
23 January 1, 2026, and before January 1, 2027, under the Internal Revenue
24 Code of 1986, as amended, (ii) seventy percent for taxable years
25 beginning or deemed to begin on or after January 1, 2027, and before
26 January 1, 2028, under the Internal Revenue Code of 1986, as amended,
27 (iii) eighty percent for taxable years beginning or deemed to begin on or
28 after January 1, 2028, and before January 1, 2029, under the Internal
29 Revenue Code of 1986, as amended, (iv) ninety percent for taxable years
30 beginning or deemed to begin on or after January 1, 2029, and before
31 January 1, 2030, under the Internal Revenue Code of 1986, as amended, and

1 (v) one hundred percent for taxable years beginning or deemed to begin on
2 or after January 1, 2030, under the Internal Revenue Code of 1986, as
3 amended.

4 (c) For purposes of this subsection, social security benefits means
5 benefits received under the federal Social Security Act.

6 (d) For taxable years beginning or deemed to begin on or after
7 January 1, 2021, under the Internal Revenue Code of 1986, as amended, a
8 taxpayer may claim the reduction to federal adjusted gross income allowed
9 under this subsection or the reduction to federal adjusted gross income
10 allowed under subsection (13) of this section, whichever provides the
11 greater reduction.

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

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

29 (c) For purposes of this subsection, military retirement benefit
30 means retirement benefits that are periodic payments attributable to
31 service in the uniformed services of the United States for personal

1 services performed by an individual prior to his or her retirement. The
2 term includes retirement benefits described in this subdivision that are
3 reported to the individual on either:

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

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

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

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

19 Sec. 3. Original section 77-2715.03, Reissue Revised Statutes of
20 Nebraska, and section 77-2716, Revised Statutes Supplement, 2021, are
21 repealed.