

LEGISLATURE OF NEBRASKA  
ONE HUNDRED NINTH LEGISLATURE  
FIRST SESSION

**LEGISLATIVE BILL 171**

Introduced by Brandt, 32.

Read first time January 13, 2025

Committee: Revenue

- 1 A BILL FOR AN ACT relating to revenue and taxation; to amend sections
- 2 77-2715.03 and 77-2734.02, Revised Statutes Cumulative Supplement,
- 3 2024; to change provisions relating to individual and corporate
- 4 income tax rates; and to repeal the original sections.
- 5 Be it enacted by the people of the State of Nebraska,

1           **Section 1.** Section 77-2715.03, Revised Statutes Cumulative  
2 Supplement, 2024, 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)(a) For taxable years beginning or deemed to begin on or after  
18 January 1, 2014, the following brackets and rates are hereby established  
19 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-	Rate
28	28,999	57,999	42,999	28,999	15,149	Three
29 4	\$29,000	\$58,000	\$43,000	\$29,000	\$15,150	Rate
30	and Over	and Over	and Over	and Over	and Over	Four

1 (b) For purposes of this subsection, rate three shall be:

2 (i) 5.01% for taxable years beginning or deemed to begin on or after  
3 January 1, 2014, and before January 1, 2026; and

4 (ii) 4.99% ~~4.55%~~ for taxable years beginning or deemed to begin on  
5 or after January 1, 2026, ~~and before January 1, 2027; and~~

6 ~~(iii) 3.99% for taxable years beginning or deemed to begin on or~~  
7 ~~after January 1, 2027.~~

8 (c) For purposes of this subsection, rate four shall be:

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

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

13 (iii) 5.84% for taxable years beginning or deemed to begin on or  
14 after January 1, 2024, and before January 1, 2025;

15 (iv) 5.20% for taxable years beginning or deemed to begin on or  
16 after January 1, 2025, and before January 1, 2026; and

17 (v) 4.99% ~~4.55%~~ for taxable years beginning or deemed to begin on or  
18 after January 1, 2026, ~~and before January 1, 2027; and~~

19 ~~(vi) 3.99% for taxable years beginning or deemed to begin on or~~  
20 ~~after January 1, 2027.~~

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

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

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

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

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

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

1 deduction amounts into the tax tables.

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

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

9 **Sec. 2.** Section 77-2734.02, Revised Statutes Cumulative Supplement,  
10 2024, is amended to read:

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

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

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

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

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

1 January 1, 2023, and before January 1, 2024, at a rate equal to 5.58  
2 percent on the first one hundred thousand dollars of taxable income and  
3 at the rate of 7.25 percent on all taxable income in excess of one  
4 hundred thousand dollars;

5 (e) For taxable years beginning or deemed to begin on or after  
6 January 1, 2024, and before January 1, 2025, at a rate equal to 5.58  
7 percent on the first one hundred thousand dollars of taxable income and  
8 at the rate of 5.84 percent on all taxable income in excess of one  
9 hundred thousand dollars;

10 (f) For taxable years beginning or deemed to begin on or after  
11 January 1, 2025, and before January 1, 2026, at the rate of 5.20 percent  
12 on all taxable income; and

13 (g) For taxable years beginning or deemed to begin on or after  
14 January 1, 2026, and ~~before January 1, 2027,~~ at the rate of 4.99 ~~4.55~~  
15 percent on all taxable income. ; ~~and~~

16 ~~(h) For taxable years beginning or deemed to begin on or after~~  
17 ~~January 1, 2027, at the rate of 3.99 percent on all taxable income.~~

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

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

30 (3) For a corporate taxpayer that is subject to tax in another  
31 state, its taxable income shall be the portion of the taxpayer's federal

1 taxable income, as adjusted, that is determined to be connected with the  
2 taxpayer's operations in this state pursuant to sections 77-2734.05 to  
3 77-2734.15.

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

6 **Sec. 3.** Original sections 77-2715.03 and 77-2734.02, Revised  
7 Statutes Cumulative Supplement, 2024, are repealed.