

LEGISLATURE OF NEBRASKA
ONE HUNDRED NINTH LEGISLATURE
SECOND SESSION

LEGISLATIVE BILL 846

Introduced by Dungan, 26.

Read first time January 08, 2026

Committee: Revenue

1 A BILL FOR AN ACT relating to revenue and taxation; to amend section
2 77-2716.01, Revised Statutes Cumulative Supplement, 2024; to change
3 provisions relating to individual income tax deductions; and to
4 repeal the original section.

5 Be it enacted by the people of the State of Nebraska,

1 **Section 1.** Section 77-2716.01, Revised Statutes Cumulative
2 Supplement, 2024, is amended to read:

3 77-2716.01 (1)(a) Through tax year 2017, every individual shall be
4 allowed to subtract from his or her income tax liability an amount for
5 personal exemptions. The amount allowed to be subtracted shall be the
6 credit amount for the year as provided in this subdivision multiplied by
7 the number of exemptions allowed on the federal return. For tax year
8 1993, the credit amount shall be sixty-five dollars; for tax year 1994,
9 the credit amount shall be sixty-nine dollars; for tax year 1995, the
10 credit amount shall be sixty-nine dollars; for tax year 1996, the credit
11 amount shall be seventy-two dollars; for tax year 1997, the credit amount
12 shall be eighty-six dollars; for tax year 1998, the credit amount shall
13 be eighty-eight dollars; for tax year 1999, and each year thereafter
14 through tax year 2017, the credit amount shall be adjusted for inflation
15 by the method provided in section 151 of the Internal Revenue Code of
16 1986, as it existed prior to December 22, 2017. The eighty-eight-dollar
17 credit amount shall be adjusted for cumulative inflation since 1998. If
18 any credit amount is not an even dollar amount, the amount shall be
19 rounded to the nearest dollar. For nonresident individuals and partial-
20 year resident individuals, the personal exemption credit shall be
21 subtracted as specified in subsection (3) of section 77-2715.

22 (b) Beginning with tax year 2018, every individual, except an
23 individual that can be claimed for a child credit or dependent credit on
24 the federal return of another taxpayer, shall be allowed to subtract from
25 his or her income tax liability an amount for personal exemptions. The
26 amount allowed to be subtracted shall be the credit amount for the year
27 as provided in this subdivision multiplied by the sum of the number of
28 child credits and dependent credits taken on the federal return, plus two
29 for a married filing jointly return or plus one for any other return. For
30 tax year 2018, the credit amount shall be one hundred thirty-four
31 dollars. For tax year 2019 and each tax year thereafter, the credit

1 amount shall be adjusted for inflation based on the percentage change in
2 the Consumer Price Index for All Urban Consumers published by the federal
3 Bureau of Labor Statistics from the twelve months ending on August 31,
4 2017, to the twelve months ending on August 31 of the year preceding the
5 taxable year. If any credit amount is not an even dollar amount, the
6 amount shall be rounded to the nearest dollar. For nonresident
7 individuals and partial-year resident individuals, the personal exemption
8 credit shall be subtracted as specified in subsection (3) of section
9 77-2715.

10 (2)(a) For tax years beginning or deemed to begin on or after
11 January 1, 2003, and before January 1, 2004, under the Internal Revenue
12 Code of 1986, as amended, every individual who did not itemize deductions
13 on his or her federal return shall be allowed to subtract from federal
14 adjusted gross income a standard deduction based on the filing status
15 used on the federal return except as the amount is adjusted under section
16 77-2716.03. The standard deduction shall be the smaller of the federal
17 standard deduction actually allowed or (i) for single taxpayers four
18 thousand seven hundred fifty dollars, (ii) for head of household
19 taxpayers seven thousand dollars, (iii) for married filing jointly
20 taxpayers seven thousand nine hundred fifty dollars, and (iv) for married
21 filing separately taxpayers three thousand nine hundred seventy-five
22 dollars. Taxpayers who are allowed additional federal standard deduction
23 amounts because of age or blindness shall be allowed an increase in the
24 Nebraska standard deduction for each additional amount allowed on the
25 federal return. The additional amounts shall be for married taxpayers,
26 nine hundred fifty dollars, and for single or head of household
27 taxpayers, one thousand one hundred fifty dollars.

28 (b) For tax years beginning or deemed to begin on or after January
29 1, 2007, and before January 1, 2018, under the Internal Revenue Code of
30 1986, as amended, every individual who did not itemize deductions on his
31 or her federal return shall be allowed to subtract from federal adjusted

1 gross income a standard deduction based on the filing status used on the
2 federal return. The standard deduction shall be the smaller of the
3 federal standard deduction actually allowed or (i) for single taxpayers
4 three thousand dollars and (ii) for head of household taxpayers four
5 thousand four hundred dollars. The standard deduction for married filing
6 jointly taxpayers shall be double the standard deduction for single
7 taxpayers, and for married filing separately taxpayers, the standard
8 deduction shall be the same as single taxpayers. Taxpayers who are
9 allowed additional federal standard deduction amounts because of age or
10 blindness shall be allowed an increase in the Nebraska standard deduction
11 for each additional amount allowed on the federal return. The additional
12 amounts shall be for married taxpayers six hundred dollars and for single
13 or head of household taxpayers seven hundred fifty dollars. The amounts
14 in this subdivision will be indexed using 1987 as the base year.

15 (c) For tax years beginning or deemed to begin on or after January
16 1, 2007, and before January 1, 2018, the standard deduction amounts,
17 including the additional standard deduction amounts, in this subsection
18 shall be adjusted for inflation by the method provided in section 151 of
19 the Internal Revenue Code of 1986, as it existed prior to December 22,
20 2017. If any amount is not a multiple of fifty dollars, the amount shall
21 be rounded to the next lowest multiple of fifty dollars.

22 (3)(a) For tax years beginning or deemed to begin on or after
23 January 1, 2018, every individual who did not itemize deductions on his
24 or her federal return shall be allowed to subtract from federal adjusted
25 gross income a standard deduction based on the filing status used on the
26 federal return. The standard deduction shall be the smaller of the
27 federal standard deduction actually allowed or (i) six thousand seven
28 hundred fifty dollars for single taxpayers and (ii) nine thousand nine
29 hundred dollars for head of household taxpayers. The standard deduction
30 for married filing jointly taxpayers or qualifying widows or widowers
31 shall be double the standard deduction for single taxpayers, and the

1 standard deduction for married filing separately taxpayers shall be the
2 same as the standard deduction for single taxpayers. Taxpayers who are
3 allowed additional federal standard deduction amounts because of age or
4 blindness shall be allowed an increase in the Nebraska standard deduction
5 for each additional amount allowed on the federal return. The additional
6 amounts shall be one thousand three hundred dollars for married taxpayers
7 and one thousand six hundred dollars for single or head of household
8 taxpayers.

9 (b) For tax years beginning or deemed to begin on or after January
10 1, 2019, the standard deduction amounts, including the additional
11 standard deduction amounts, in this subsection shall be adjusted for
12 inflation based on the percentage change in the Consumer Price Index for
13 All Urban Consumers published by the federal Bureau of Labor Statistics
14 from the twelve months ending on August 31, 2017, to the twelve months
15 ending on August 31 of the year preceding the taxable year. If any amount
16 is not a multiple of fifty dollars, the amount shall be rounded to the
17 next lowest multiple of fifty dollars.

18 (4)(a) For taxable years beginning or deemed to begin before January
19 1, 2026, every (4) Every individual who itemized deductions on his or her
20 federal return shall be allowed to subtract from federal adjusted gross
21 income the greater of either the standard deduction allowed in this
22 section or his or her federal itemized deductions as defined in section
23 63(d) of the Internal Revenue Code of 1986, as amended, except for the
24 amount for state or local income taxes included in federal itemized
25 deductions before any federal disallowance.

26 (b) For taxable years beginning or deemed to begin on or after
27 January 1, 2026, every individual who itemized deductions on his or her
28 federal return shall be allowed to subtract from federal adjusted gross
29 income the greater of either the standard deduction allowed in this
30 section or his or her federal itemized deductions as defined in section
31 63(d) of the Internal Revenue Code of 1986, as amended, except for the

1 amount for state or local income taxes included in federal itemized
2 deductions not exceeding the applicable limitation amount set for taxable
3 years beginning after calendar year 2029 under section 164(b)(7) of the
4 Internal Revenue Code of 1986, as such section existed on January 1,
5 2026.

6 **Sec. 2.** Original section 77-2716.01, Revised Statutes Cumulative
7 Supplement, 2024, is repealed.