

LEGISLATURE OF NEBRASKA
ONE HUNDRED FOURTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 523

Introduced by Sullivan, 41.

Read first time January 21, 2015

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 2014; to state intent; to change individual and corporate income tax
- 4 rates; and to repeal the original sections.
- 5 Be it enacted by the people of the State of Nebraska,

1 Section 1. It is the intent of the Legislature to increase income
2 tax rates to facilitate increasing state support for public education for
3 the purpose of shifting some of the tax burden for education from
4 property taxes to income taxes.

5 Sec. 2. Section 77-2715.03, Revised Statutes Cumulative Supplement,
6 2014, is amended to read:

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

10 Individual Income Tax Brackets and Rates

11 Bracket	Single	Married,	Head of	Married,	Estates	Tax
12 Number	Individuals	Filing	Household	Filing	and	Rate
		Jointly		Separate	Trusts	
14 1	\$0-2,399	\$0-4,799	\$0-4,499	\$0-2,399	\$0-499	2.46%
15 2	\$2,400-	\$4,800-	\$4,500-	\$2,400-	\$500-	
16	17,499	34,999	27,999	17,499	4,699	3.51%
17 3	\$17,500-	\$35,000-	\$28,000-	\$17,500-	\$4,700-	
18	26,999	53,999	39,999	26,999	15,149	5.01%
19 4	\$27,000	\$54,000	\$40,000	\$27,000	\$15,150	
20	and Over	and Over	and Over	and Over	and Over	6.84%

21 (2) For taxable years beginning or deemed to begin on or after
22 January 1, 2014, and before January 1, 2016, the following brackets and
23 rates are hereby established for the Nebraska individual income tax:

24 Individual Income Tax Brackets and Rates

25 Bracket	Single	Married,	Head of	Married,	Estates	Tax
26 Number	Individuals	Filing	Household	Filing	and	Rate
		Jointly		Separate	Trusts	
28 1	\$0-2,999	\$0-5,999	\$0-5,599	\$0-2,999	\$0-499	2.46%
29 2	\$3,000-	\$6,000-	\$5,600-	\$3,000-	\$500-	
30	17,999	35,999	28,799	17,999	4,699	3.51%

1	3	\$18,000-	\$36,000-	\$28,800-	\$18,000-	\$4,700-	
2		28,999	57,999	42,999	28,999	15,149	5.01%
3	4	\$29,000	\$58,000	\$43,000	\$29,000	\$15,150	
4		and Over	and Over	and Over	and Over	and Over	6.84%

5 (3) For taxable years beginning or deemed to begin on or after
6 January 1, 2016, the following brackets and rates are hereby established
7 for the Nebraska individual income tax:

8 Individual Income Tax Brackets and Rates

9	<u>Bracket</u>	<u>Single</u>	<u>Married,</u>		<u>Married,</u>	<u>Estates</u>	<u>Tax</u>
10	<u>Number</u>	<u>Individuals</u>	<u>Filing</u>	<u>Household</u>	<u>Filing</u>	<u>and</u>	<u>Rate</u>
11			<u>Jointly</u>		<u>Separate</u>	<u>Trusts</u>	
12	<u>1</u>	<u>\$0-2,999</u>	<u>\$0-5,999</u>	<u>\$0-5,599</u>	<u>\$0-2,999</u>	<u>\$0-499</u>	<u>2.56%</u>
13	<u>2</u>	<u>\$3,000-</u>	<u>\$6,000-</u>	<u>\$5,600-</u>	<u>\$3,000-</u>	<u>\$500-</u>	
14		<u>17,999</u>	<u>35,999</u>	<u>28,799</u>	<u>17,999</u>	<u>4,699</u>	<u>3.65%</u>
15	<u>3</u>	<u>\$18,000-</u>	<u>\$36,000-</u>	<u>\$28,800-</u>	<u>\$18,000-</u>	<u>\$4,700-</u>	
16		<u>28,999</u>	<u>57,999</u>	<u>42,999</u>	<u>28,999</u>	<u>15,149</u>	<u>5.21%</u>
17	<u>4</u>	<u>\$29,000</u>	<u>\$58,000</u>	<u>\$43,000</u>	<u>\$29,000</u>	<u>\$15,150</u>	
18		<u>and Over</u>	<u>and Over</u>	<u>and Over</u>	<u>and Over</u>	<u>and Over</u>	<u>7.11%</u>

19 (4 3)(a) For taxable years beginning or deemed to begin on or after
20 January 1, 2017 ~~2015~~, the minimum and maximum dollar amounts for each
21 income tax bracket provided in subsection (3 2) of this section shall be
22 adjusted for inflation by the percentage determined under subdivision (4
23 3)(b) of this section. The rate applicable to any such income tax bracket
24 shall not be changed as part of any adjustment under this subsection. The
25 minimum and maximum dollar amounts for each income tax bracket as
26 adjusted shall be rounded to the nearest ten-dollar amount. If the
27 adjusted amount for any income tax bracket ends in a five, it shall be
28 rounded up to the nearest ten-dollar amount.

29 (b) The Tax Commissioner shall adjust the income tax brackets by the
30 percentage determined pursuant to the provisions of section 1(f) of the

1 Internal Revenue Code of 1986, as amended, except that in section 1(f)(3)
2 (B) of the code the year 2015 ~~2013~~ shall be substituted for the year
3 1992. For 2017 ~~2015~~, the Tax Commissioner shall then determine the
4 percent change from the twelve months ending on August 31, 2015 ~~2013~~, to
5 the twelve months ending on August 31, 2016 ~~2014~~, and in each subsequent
6 year, from the twelve months ending on August 31, 2015 ~~2013~~, to the
7 twelve months ending on August 31 of the year preceding the taxable year.
8 The Tax Commissioner shall prescribe new tax rate schedules that apply in
9 lieu of the schedules set forth in subsection (3 ~~2~~) of this section.

10 (5 ~~4~~) Whenever the tax brackets or tax rates are changed by the
11 Legislature, the Tax Commissioner shall update the tax rate schedules to
12 reflect the new tax brackets or tax rates and shall publish such updated
13 schedules.

14 (6 ~~5~~) The Tax Commissioner shall prepare, from the rate schedules,
15 tax tables which can be used by a majority of the taxpayers to determine
16 their Nebraska tax liability. The design of the tax tables shall be
17 determined by the Tax Commissioner. The size of the tax table brackets
18 may change as the level of income changes. The difference in tax between
19 two tax table brackets shall not exceed fifteen dollars. The Tax
20 Commissioner may build the personal exemption credit and standard
21 deduction amounts into the tax tables.

22 (7 ~~6~~) For taxable years beginning or deemed to begin on or after
23 January 1, 2013, the tax rate applied to other federal taxes included in
24 the computation of the Nebraska individual income tax shall be 29.6
25 percent.

26 (8 ~~7~~) The Tax Commissioner may require by rule and regulation that
27 all taxpayers shall use the tax tables if their income is less than the
28 maximum income included in the tax tables.

29 Sec. 3. Section 77-2734.02, Revised Statutes Cumulative Supplement,
30 2014, is amended to read:

31 77-2734.02 (1) Except as provided in subsection (2) of this section,

1 a tax is hereby imposed on the taxable income of every corporate taxpayer
2 that is doing business in this state:

3 (a) For taxable years beginning or deemed to begin before January 1,
4 2013, at a rate equal to one hundred fifty and eight-tenths percent of
5 the primary rate imposed on individuals under section 77-2701.01 on the
6 first one hundred thousand dollars of taxable income and at the rate of
7 two hundred eleven percent of such rate on all taxable income in excess
8 of one hundred thousand dollars. The resultant rates shall be rounded to
9 the nearest one hundredth of one percent;~~and~~

10 (b) For taxable years beginning or deemed to begin on or after
11 January 1, 2013, and before January 1, 2016, at a rate equal to 5.58
12 percent on the first one hundred thousand dollars of taxable income and
13 at the rate of 7.81 percent on all taxable income in excess of one
14 hundred thousand dollars; and -

15 (c) For taxable years beginning or deemed to begin on or after
16 January 1, 2016, at a rate equal to 5.80 percent on the first one hundred
17 thousand dollars of taxable income and at the rate of 8.12 percent on all
18 taxable income in excess of one hundred thousand dollars.

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

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

31 (3) For a corporate taxpayer that is subject to tax in another

1 state, its taxable income shall be the portion of the taxpayer's federal
2 taxable income, as adjusted, that is determined to be connected with the
3 taxpayer's operations in this state pursuant to sections 77-2734.05 to
4 77-2734.15.

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

7 Sec. 4. Original sections 77-2715.03 and 77-2734.02, Revised
8 Statutes Cumulative Supplement, 2014, are repealed.