

LEGISLATURE OF NEBRASKA
ONE HUNDRED EIGHTH LEGISLATURE
SECOND SESSION

LEGISLATIVE BILL 1372

Introduced by Brandt, 32.

Read first time January 17, 2024

Committee: Revenue

- 1 A BILL FOR AN ACT relating to revenue and taxation; to amend sections
- 2 77-2715.03, 77-2734.02, and 77-4212, Revised Statutes Supplement,
- 3 2023; to change provisions relating to individual and corporate
- 4 income tax rates and property tax credits; and to repeal the
- 5 original sections.
- 6 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 77-2715.03, Revised Statutes Supplement, 2023, is
2 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, ~~2029~~ 2026;

4 (ii) 4.55% for taxable years beginning or deemed to begin on or
5 after January 1, ~~2029~~ 2026, and before January 1, ~~2030~~ 2027; and

6 (iii) 3.99% for taxable years beginning or deemed to begin on or
7 after January 1, ~~2030~~ 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) ~~6.84%~~ 5.20% for taxable years beginning or deemed to begin on
16 or after January 1, 2025, and before January 1, 2026;

17 (v) ~~6.64%~~ 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) 5.84% for taxable years beginning or deemed to begin on or
20 after January 1, 2027, and before January 1, 2028;~~

21 ~~(vii) 5.20% for taxable years beginning or deemed to begin on or
22 after January 1, 2028, and before January 1, 2029;~~

23 ~~(viii) 4.55% for taxable years beginning or deemed to begin on or
24 after January 1, 2029, and before January 1, 2030; and~~

25 ~~(ix) (vi) 3.99%~~ for taxable years beginning or deemed to begin on or
26 after January 1, ~~2030~~ 2027.

27 (3)(a) For taxable years beginning or deemed to begin on or after
28 January 1, 2015, the minimum and maximum dollar amounts for each income
29 tax bracket provided in subsection (2) of this section shall be adjusted
30 for inflation by the percentage determined under subdivision (3)(b) of
31 this section. The rate applicable to any such income tax bracket shall

1 not be changed as part of any adjustment under this subsection. The
2 minimum and maximum dollar amounts for each income tax bracket as
3 adjusted shall be rounded to the nearest ten-dollar amount. If the
4 adjusted amount for any income tax bracket ends in a five, it shall be
5 rounded up to the nearest ten-dollar amount.

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

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

27 (4) Whenever the tax brackets or tax rates are changed by the
28 Legislature, the Tax Commissioner shall update the tax rate schedules to
29 reflect the new tax brackets or tax rates and shall publish such updated
30 schedules.

31 (5) The Tax Commissioner shall prepare, from the rate schedules, tax

1 tables which can be used by a majority of the taxpayers to determine
2 their Nebraska tax liability. The design of the tax tables shall be
3 determined by the Tax Commissioner. The size of the tax table brackets
4 may change as the level of income changes. The difference in tax between
5 two tax table brackets shall not exceed fifteen dollars. The Tax
6 Commissioner may build the personal exemption credit and standard
7 deduction amounts into the tax tables.

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

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

15 Sec. 2. Section 77-2734.02, Revised Statutes Supplement, 2023, is
16 amended to read:

17 77-2734.02 (1) Except as provided in subsection (2) of this section,
18 a tax is hereby imposed on the taxable income of every corporate taxpayer
19 that is doing business in this state:

20 (a) For taxable years beginning or deemed to begin before January 1,
21 2013, at a rate equal to one hundred fifty and eight-tenths percent of
22 the primary rate imposed on individuals under section 77-2701.01 on the
23 first one hundred thousand dollars of taxable income and at the rate of
24 two hundred eleven percent of such rate on all taxable income in excess
25 of one hundred thousand dollars. The resultant rates shall be rounded to
26 the nearest one hundredth of one percent;

27 (b) For taxable years beginning or deemed to begin on or after
28 January 1, 2013, and before January 1, 2022, at a rate equal to 5.58
29 percent on the first one hundred thousand dollars of taxable income and
30 at the rate of 7.81 percent on all taxable income in excess of one
31 hundred thousand dollars;

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

6 (d) For taxable years beginning or deemed to begin on or after
7 January 1, 2023, and before January 1, 2024, at a rate equal to 5.58
8 percent on the first one hundred thousand dollars of taxable income and
9 at the rate of 7.25 percent on all taxable income in excess of one
10 hundred thousand dollars;

11 (e) For taxable years beginning or deemed to begin on or after
12 January 1, 2024, and before January 1, 2025, at a rate equal to 5.58
13 percent on the first one hundred thousand dollars of taxable income and
14 at the rate of 5.84 percent on all taxable income in excess of one
15 hundred thousand dollars;

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

19 (g) For taxable years beginning or deemed to begin on or after
20 January 1, 2026, and before January 1, 2027, at the rate of 4.55 percent
21 on all taxable income;~~and~~

22 (h) For taxable years beginning or deemed to begin on or after
23 January 1, 2027, and before January 1, 2028, at a rate equal to 5.58
24 percent on the first one hundred thousand dollars of taxable income and
25 at the rate of 5.84 percent on all taxable income in excess of one
26 hundred thousand dollars;

27 (i) For taxable years beginning or deemed to begin on or after
28 January 1, 2028, and before January 1, 2029, at the rate of 5.20 percent
29 on all taxable income;

30 (j) For taxable years beginning or deemed to begin on or after
31 January 1, 2029, and before January 1, 2030, at the rate of 4.55 percent

1 on all taxable income; and

2 (k) (h) For taxable years beginning or deemed to begin on or after
3 January 1, 2030 ~~2027~~, at the rate of 3.99 percent on all taxable income.

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

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

16 (3) For a corporate taxpayer that is subject to tax in another
17 state, its taxable income shall be the portion of the taxpayer's federal
18 taxable income, as adjusted, that is determined to be connected with the
19 taxpayer's operations in this state pursuant to sections 77-2734.05 to
20 77-2734.15.

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

23 Sec. 3. Section 77-4212, Revised Statutes Supplement, 2023, is
24 amended to read:

25 77-4212 (1) For tax year 2007, the amount of relief granted under
26 the Property Tax Credit Act shall be one hundred five million dollars.
27 For tax year 2008, the amount of relief granted under the act shall be
28 one hundred fifteen million dollars. It is the intent of the Legislature
29 to fund the Property Tax Credit Act for tax years after tax year 2008
30 using available revenue. For tax year 2017, the amount of relief granted
31 under the act shall be two hundred twenty-four million dollars. For tax

1 year 2020 through tax year 2022, the minimum amount of relief granted
2 under the act shall be two hundred seventy-five million dollars. For tax
3 year 2023, the minimum amount of relief granted under the act shall be
4 three hundred sixty million dollars. For tax year 2024, the minimum
5 amount of relief granted under the act shall be six ~~three hundred forty-~~
6 five ~~ninety-five~~ million dollars. For tax year 2025, the minimum amount
7 of relief granted under the act shall be nine ~~four~~ hundred thirty million
8 dollars. For tax year 2026, the minimum amount of relief granted under
9 the act shall be one billion one ~~four~~ hundred ninety-five ~~forty-five~~
10 million dollars. For tax year 2027, the minimum amount of relief granted
11 under the act shall be one billion ~~four~~ hundred sixty million dollars.
12 For tax year 2028, the minimum amount of relief granted under the act
13 shall be one billion seven ~~four~~ hundred twenty-five ~~seventy-five~~ million
14 dollars. For tax year 2029, the minimum amount of relief granted under
15 the act shall be two billion five million dollars ~~the minimum amount from~~
16 ~~the prior tax year~~ plus a percentage increase equal to the percentage
17 increase, if any, in the total assessed value of all real property in the
18 state from the prior year to the current year, as determined by the
19 Department of Revenue, ~~plus an additional seventy-five million dollars.~~
20 For tax year 2030 and each tax year thereafter, the minimum amount of
21 relief granted under the act shall be the minimum amount from the prior
22 tax year plus a percentage increase equal to the percentage increase, if
23 any, in the total assessed value of all real property in the state from
24 the prior year to the current year, as determined by the Department of
25 Revenue. If money is transferred or credited to the Property Tax Credit
26 Cash Fund pursuant to any other state law, such amount shall be added to
27 the minimum amount required under this subsection when determining the
28 total amount of relief granted under the act. The relief shall be in the
29 form of a property tax credit which appears on the property tax
30 statement.

31 (2)(a) For tax years prior to tax year 2017, to determine the amount

1 of the property tax credit, the county treasurer shall multiply the
2 amount disbursed to the county under subdivision (4)(a) of this section
3 by the ratio of the real property valuation of the parcel to the total
4 real property valuation in the county. The amount determined shall be the
5 property tax credit for the property.

6 (b) Beginning with tax year 2017, to determine the amount of the
7 property tax credit, the county treasurer shall multiply the amount
8 disbursed to the county under subdivision (4)(b) of this section by the
9 ratio of the credit allocation valuation of the parcel to the total
10 credit allocation valuation in the county. The amount determined shall be
11 the property tax credit for the property.

12 (3) If the real property owner qualifies for a homestead exemption
13 under sections 77-3501 to 77-3529, the owner shall also be qualified for
14 the relief provided in the act to the extent of any remaining liability
15 after calculation of the relief provided by the homestead exemption. If
16 the credit results in a property tax liability on the homestead that is
17 less than zero, the amount of the credit which cannot be used by the
18 taxpayer shall be returned to the Property Tax Administrator by July 1 of
19 the year the amount disbursed to the county was disbursed. The Property
20 Tax Administrator shall immediately credit any funds returned under this
21 subsection to the Property Tax Credit Cash Fund. Upon the return of any
22 funds under this subsection, the county treasurer shall electronically
23 file a report with the Property Tax Administrator, on a form prescribed
24 by the Tax Commissioner, indicating the amount of funds distributed to
25 each taxing unit in the county in the year the funds were returned, any
26 collection fee retained by the county in such year, and the amount of
27 unused credits returned.

28 (4)(a) For tax years prior to tax year 2017, the amount disbursed to
29 each county shall be equal to the amount available for disbursement
30 determined under subsection (1) of this section multiplied by the ratio
31 of the real property valuation in the county to the real property

1 valuation in the state. By September 15, the Property Tax Administrator
2 shall determine the amount to be disbursed under this subdivision to each
3 county and certify such amounts to the State Treasurer and to each
4 county. The disbursements to the counties shall occur in two equal
5 payments, the first on or before January 31 and the second on or before
6 April 1. After retaining one percent of the receipts for costs, the
7 county treasurer shall allocate the remaining receipts to each taxing
8 unit levying taxes on taxable property in the tax district in which the
9 real property is located in the same proportion that the levy of such
10 taxing unit bears to the total levy on taxable property of all the taxing
11 units in the tax district in which the real property is located.

12 (b) Beginning with tax year 2017, the amount disbursed to each
13 county shall be equal to the amount available for disbursement determined
14 under subsection (1) of this section multiplied by the ratio of the
15 credit allocation valuation in the county to the credit allocation
16 valuation in the state. By September 15, the Property Tax Administrator
17 shall determine the amount to be disbursed under this subdivision to each
18 county and certify such amounts to the State Treasurer and to each
19 county. The disbursements to the counties shall occur in two equal
20 payments, the first on or before January 31 and the second on or before
21 April 1. After retaining one percent of the receipts for costs, the
22 county treasurer shall allocate the remaining receipts to each taxing
23 unit based on its share of the credits granted to all taxpayers in the
24 taxing unit.

25 (5) For purposes of this section, credit allocation valuation means
26 the taxable value for all real property except agricultural land and
27 horticultural land, one hundred twenty percent of taxable value for
28 agricultural land and horticultural land that is not subject to special
29 valuation, and one hundred twenty percent of taxable value for
30 agricultural land and horticultural land that is subject to special
31 valuation.

1 (6) The State Treasurer shall transfer from the General Fund to the
2 Property Tax Credit Cash Fund one hundred five million dollars by August
3 1, 2007, and one hundred fifteen million dollars by August 1, 2008.

4 (7) The Legislature shall have the power to transfer funds from the
5 Property Tax Credit Cash Fund to the General Fund.

6 Sec. 4. Original sections 77-2715.03, 77-2734.02, and 77-4212,
7 Revised Statutes Supplement, 2023, are repealed.