

LEGISLATURE OF NEBRASKA  
ONE HUNDRED EIGHTH LEGISLATURE  
FIRST SESSION

**LEGISLATIVE BILL 754**

Introduced by Linehan, 39; at the request of the Governor; Albrecht, 17; Brieese, 41; Clements, 2; Jacobson, 42; Kauth, 31; Sanders, 45; von Gillern, 4.

Read first time January 18, 2023

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 2022; to reduce individual and corporate income tax rates as
- 4 prescribed; 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, 2022, 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, 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-	
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	Top Rate

1 For purposes of this subsection, the top rate shall be:

2 (a) 6.84% for taxable years beginning or deemed to begin on or after  
3 January 1, 2014, and before January 1, 2023;

4 (b) 6.27% ~~6.64%~~ for taxable years beginning or deemed to begin on or  
5 after January 1, 2023, and before January 1, 2024;

6 (c) 5.70% ~~6.44%~~ for taxable years beginning or deemed to begin on or  
7 after January 1, 2024, and before January 1, 2025;

8 (d) 5.13% ~~6.24%~~ for taxable years beginning or deemed to begin on or  
9 after January 1, 2025, and before January 1, 2026;

10 (e) 4.56% ~~6.00%~~ for taxable years beginning or deemed to begin on or  
11 after January 1, 2026, and before January 1, 2027; and

12 (f) 3.99% ~~5.84%~~ for taxable years beginning or deemed to begin on or  
13 after January 1, 2027.

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

24 (b)(i) For taxable years beginning or deemed to begin on or after  
25 January 1, 2015, and before January 1, 2018, the Tax Commissioner shall  
26 adjust the income tax brackets by the percentage determined pursuant to  
27 the provisions of section 1(f) of the Internal Revenue Code of 1986, as  
28 it existed prior to December 22, 2017, except that in section 1(f)(3)(B)  
29 of the code the year 2013 shall be substituted for the year 1992. For  
30 2015, the Tax Commissioner shall then determine the percent change from  
31 the twelve months ending on August 31, 2013, to the twelve months ending

1 on August 31, 2014, and in each subsequent year, from the twelve months  
2 ending on August 31, 2013, to the twelve months ending on August 31 of  
3 the year preceding the taxable year. The Tax Commissioner shall prescribe  
4 new tax rate schedules that apply in lieu of the schedules set forth in  
5 subsection (2) of this section.

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

14 (4) Whenever the tax brackets or tax rates are changed by the  
15 Legislature, the Tax Commissioner shall update the tax rate schedules to  
16 reflect the new tax brackets or tax rates and shall publish such updated  
17 schedules.

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

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

30 (7) The Tax Commissioner may require by rule and regulation that all  
31 taxpayers shall use the tax tables if their income is less than the

1 maximum income included in the tax tables.

2 Sec. 2. Section 77-2734.02, Revised Statutes Cumulative Supplement,  
3 2022, is amended to read:

4 77-2734.02 (1) Except as provided in subsection (2) of this section,  
5 a tax is hereby imposed on the taxable income of every corporate taxpayer  
6 that is doing business in this state:

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

14 (b) For taxable years beginning or deemed to begin on or after  
15 January 1, 2013, and before January 1, 2022, at a rate equal to 5.58  
16 percent on the first one hundred thousand dollars of taxable income and  
17 at the rate of 7.81 percent on all taxable income in excess of one  
18 hundred thousand dollars;

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

24 (d) For taxable years beginning or deemed to begin on or after  
25 January 1, 2023, and before January 1, 2024, at a rate equal to 5.58  
26 percent on the first one hundred thousand dollars of taxable income and  
27 at the rate of 6.80 ~~7.25~~ percent on all taxable income in excess of one  
28 hundred thousand dollars;

29 (e) For taxable years beginning or deemed to begin on or after  
30 January 1, 2024, and before January 1, 2025, at a rate equal to 5.58  
31 percent on the first one hundred thousand dollars of taxable income and

1 at the rate of 6.10 ~~6.50~~ percent on all taxable income in excess of one  
2 hundred thousand dollars;

3 (f) For taxable years beginning or deemed to begin on or after  
4 January 1, 2025, and before January 1, 2026, at a rate equal to 5.58  
5 percent on the first one hundred thousand dollars of taxable income and  
6 at the rate of 5.40 ~~6.24~~ percent on all taxable income in excess of one  
7 hundred thousand dollars;

8 (g) For taxable years beginning or deemed to begin on or after  
9 January 1, 2026, and before January 1, 2027, at a rate equal to 5.58  
10 percent on the first one hundred thousand dollars of taxable income and  
11 at the rate of 4.70 ~~6.00~~ percent on all taxable income in excess of one  
12 hundred thousand dollars; and

13 (h) For taxable years beginning or deemed to begin on or after  
14 January 1, 2027, at a rate equal to 5.58 percent on the first one hundred  
15 thousand dollars of taxable income and at the rate of 3.99 ~~5.84~~ percent  
16 on all taxable income in excess of one hundred thousand dollars.

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

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

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

1 taxpayer's operations in this state pursuant to sections 77-2734.05 to  
2 77-2734.15.

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

5 Sec. 3. Original sections 77-2715.03 and 77-2734.02, Revised  
6 Statutes Cumulative Supplement, 2022, are repealed.