

LEGISLATURE OF NEBRASKA

ONE HUNDRED THIRD LEGISLATURE

SECOND SESSION

LEGISLATIVE BILL 1031

Introduced by Kintner, 2; Garrett, 3.

Read first time January 22, 2014

Committee: Revenue

A BILL

1 FOR AN ACT relating to revenue and taxation; to amend sections
2 77-2715.03 and 77-27,132, Revised Statutes Cumulative
3 Supplement, 2012; to provide duties for the Department of
4 Revenue; to provide for decreased individual income tax
5 rates; to change the distribution of sales and use tax
6 revenue; and to repeal the original sections.

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

1 Section 1. (1) If the federal government passes a law
2 that expands the state's authority to require out-of-state retailers
3 to collect and remit the tax imposed under section 77-2703 on
4 purchases by Nebraska residents and the state collects additional
5 revenue under section 77-2703 as a result of such federal law, then
6 the Department of Revenue shall determine the amount of such
7 additional revenue collected during the first twelve months following
8 the date on which the state begins collecting such additional
9 revenue.

10 (2) If the department makes a determination under
11 subsection (1) of this section, the department shall then determine
12 how much the individual income tax rates under section 77-2715.03 may
13 be reduced in the following taxable year in order to decrease the
14 amount of revenue generated under such section by one-half of the
15 amount determined pursuant to subsection (1) of this section. For
16 purposes of this subsection, the department shall calculate the tax
17 rate reductions in proportion to the share of gross tax attributable
18 to each of the tax brackets under section 77-2715.03 in effect during
19 the most recently completed taxable year.

20 (3) The department shall certify any determinations made
21 under subsections (1) and (2) of this section to the Governor, the
22 Legislature, and the State Treasurer.

23 Sec. 2. Section 77-2715.03, Revised Statutes Cumulative
24 Supplement, 2012, is amended to read:

25 77-2715.03 (1) For taxable years beginning or deemed to

1 begin on or after January 1, 2013, and before January 1, 2014, the
 2 following brackets and rates are hereby established for the Nebraska
 3 individual income tax:

4 Individual Income Tax Brackets and Rates

5 Bracket	Single	Married,	Head of	Married,	Estates	Tax
6 Number	Individuals	Filing	Household	Filing	and	Rate
		Jointly		Separate	Trusts	
8 1	\$0-2,399	\$0-4,799	\$0-4,499	\$0-2,399	\$0-499	2.46%
9 2	\$2,400-	\$4,800-	\$4,500-	\$2,400-	\$500-	
10	17,499	34,999	27,999	17,499	4,699	3.51%
11 3	\$17,500-	\$35,000-	\$28,000-	\$17,500-	\$4,700-	
12	26,999	53,999	39,999	26,999	15,149	5.01%
13 4	\$27,000	\$54,000	\$40,000	\$27,000	\$15,150	
14	and Over	and Over	and Over	and Over	and Over	6.84%

15 (2) For taxable years beginning or deemed to begin on or
 16 after January 1, 2014, the following brackets and rates are hereby
 17 established for the Nebraska individual income tax:

18 Individual Income Tax Brackets and Rates

19 Bracket	Single	Married,	Head of	Married,	Estates	Tax
20 Number	Individuals	Filing	Household	Filing	and	Rate
		Jointly		Separate	Trusts	
22 1	\$0-2,999	\$0-5,999	\$0-5,599	\$0-2,999	\$0-499	2.46%

1	2	\$3,000-	\$6,000-	\$5,600-	\$3,000-	\$500-	
2		17,999	35,999	28,799	17,999	4,699	3.51%
3	3	\$18,000-	\$36,000-	\$28,800-	\$18,000-	\$4,700-	
4		28,999	57,999	42,999	28,999	15,149	5.01%
5	4	\$29,000	\$58,000	\$43,000	\$29,000	\$15,150	
6		and Over	and Over	and Over	and Over	and Over	6.84%

7 (3) Whenever the Department of Revenue makes the
 8 determinations described in section 1 of this act, the tax rates
 9 prescribed in subsection (2) of this section shall be reduced to the
 10 rates determined pursuant to subsection (2) of section 1 of this act.
 11 The new rates shall take effect in the taxable year following the
 12 taxable year in which the department makes the determinations
 13 described in section 1 of this act.

14 ~~(3)~~(4) Whenever the tax brackets or tax rates are
 15 changed by the Legislature or are changed pursuant to subsection (3)
 16 of this section, the Tax Commissioner shall update the tax rate
 17 schedules to reflect the new tax brackets or tax rates and shall
 18 publish such updated schedules.

19 ~~(4)~~(5) The Tax Commissioner shall prepare, from the rate
 20 schedules, tax tables which can be used by a majority of the
 21 taxpayers to determine their Nebraska tax liability. The design of
 22 the tax tables shall be determined by the Tax Commissioner. The size
 23 of the tax table brackets may change as the level of income changes.
 24 The difference in tax between two tax table brackets shall not exceed

1 fifteen dollars. The Tax Commissioner may build the personal
2 exemption credit and standard deduction amounts into the tax tables.

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

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

10 Sec. 3. Section 77-27,132, Revised Statutes Cumulative
11 Supplement, 2012, is amended to read:

12 77-27,132 (1) There is hereby created a fund to be
13 designated the Revenue Distribution Fund which shall be set apart and
14 maintained by the Tax Commissioner. Revenue not required to be
15 credited to the General Fund or any other specified fund may be
16 credited to the Revenue Distribution Fund. Credits and refunds of
17 such revenue shall be paid from the Revenue Distribution Fund. The
18 balance of the amount credited, after credits and refunds, shall be
19 allocated as provided by the statutes creating such revenue.

20 (2) The Tax Commissioner shall pay to a depository bank
21 designated by the State Treasurer all amounts collected under the
22 Nebraska Revenue Act of 1967. The Tax Commissioner shall present to
23 the State Treasurer bank receipts showing amounts so deposited in the
24 bank, and of the amounts so deposited the State Treasurer shall:

25 (a) Credit to the Property Tax Credit Cash Fund one-half

1 of the amount determined pursuant to subsection (1) of section 1 of
2 this act, if such a determination has been made;

3 ~~(a)~~ (b) Credit to the Highway Trust Fund all of the
4 proceeds of the sales and use taxes derived from the sale or lease
5 for periods of more than thirty-one days of motor vehicles, trailers,
6 and semitrailers, except that the proceeds equal to any sales tax
7 rate provided for in section 77-2701.02 that is in excess of five
8 percent derived from the sale or lease for periods of more than
9 thirty-one days of motor vehicles, trailers, and semitrailers shall
10 be credited to the Highway Allocation Fund; and

11 ~~(b)~~ (c) For transactions occurring on or after July 1,
12 2013, and before July 1, 2033, of the proceeds of the sales and use
13 taxes derived from transactions other than those listed in
14 ~~subdivision~~ subdivisions (2)(a) and (b) of this section from a sales
15 tax rate of one-quarter of one percent, credit monthly eighty-five
16 percent to the State Highway Capital Improvement Fund and fifteen
17 percent to the Highway Allocation Fund.

18 The balance of all amounts collected under the Nebraska
19 Revenue Act of 1967 shall be credited to the General Fund.

20 Sec. 4. Original sections 77-2715.03 and 77-27,132,
21 Revised Statutes Cumulative Supplement, 2012, are repealed.