

LEGISLATURE OF NEBRASKA
ONE HUNDRED FOURTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 613

Introduced by Kintner, 2; Bloomfield, 17; Ebke, 32; Groene, 42; Hughes,
44; Larson, 40; Lindstrom, 18; McCollister, 20; Scheer, 19;
Schilz, 47; Watermeier, 1.

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 77-27,132, Revised Statutes Cumulative Supplement,
- 3 2014; to provide duties for the Department of Revenue; to provide
- 4 for decreased individual income tax rates; to change the
- 5 distribution of sales and use tax revenue; and to repeal the
- 6 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 that expands
2 the state's authority to require out-of-state retailers to collect and
3 remit the tax imposed under section 77-2703 on purchases by Nebraska
4 residents and the state collects additional revenue under section 77-2703
5 as a result of such federal law, then the Department of Revenue shall
6 determine the amount of such additional revenue collected during the
7 first twelve months following the date on which the state begins
8 collecting such additional revenue.

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

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

21 Sec. 2. Section 77-2715.03, Revised Statutes Cumulative Supplement,
22 2014, is amended to read:

23 77-2715.03 (1) For taxable years beginning or deemed to begin on or
24 after January 1, 2013, and before January 1, 2014, the following brackets
25 and rates are hereby established for the Nebraska individual income tax:

26 Individual Income Tax Brackets and Rates

27 Bracket	Single	Married,	Head of	Married,	Estates	Tax
28 Number	Individuals	Filing	Household	Filing	and	Rate
29		Jointly		Separate	Trusts	
30 1	\$0-2,399	\$0-4,799	\$0-4,499	\$0-2,399	\$0-499	2.46%
31 2	\$2,400-	\$4,800-	\$4,500-	\$2,400-	\$500-	

1		17,499	34,999	27,999	17,499	4,699	3.51%
2	3	\$17,500-	\$35,000-	\$28,000-	\$17,500-	\$4,700-	
3		26,999	53,999	39,999	26,999	15,149	5.01%
4	4	\$27,000	\$54,000	\$40,000	\$27,000	\$15,150	
5		and Over	and Over	and Over	and Over	and Over	6.84%

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

9 Individual Income Tax Brackets and Rates

10	Bracket	Single	Married,	Head of	Married,	Estates	Tax
11	Number	Individuals	Filing	Household	Filing	and	Rate
12			Jointly		Separate	Trusts	
13	1	\$0-2,999	\$0-5,999	\$0-5,599	\$0-2,999	\$0-499	2.46%
14	2	\$3,000-	\$6,000-	\$5,600-	\$3,000-	\$500-	
15		17,999	35,999	28,799	17,999	4,699	3.51%
16	3	\$18,000-	\$36,000-	\$28,800-	\$18,000-	\$4,700-	
17		28,999	57,999	42,999	28,999	15,149	5.01%
18	4	\$29,000	\$58,000	\$43,000	\$29,000	\$15,150	
19		and Over	and Over	and Over	and Over	and Over	6.84%

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

30 (b) The Tax Commissioner shall adjust the income tax brackets by the

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

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

17 (5 4) Whenever the tax brackets or tax rates are changed by the
18 Legislature or are changed pursuant to subsection (4) of this section,
19 the Tax Commissioner shall update the tax rate schedules to reflect the
20 new tax brackets or tax rates and shall publish such updated schedules.

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

29 (7 6) For taxable years beginning or deemed to begin on or after
30 January 1, 2013, the tax rate applied to other federal taxes included in
31 the computation of the Nebraska individual income tax shall be 29.6

1 percent.

2 (8 7) The Tax Commissioner may require by rule and regulation that
3 all taxpayers shall use the tax tables if their income is less than the
4 maximum income included in the tax tables.

5 Sec. 3. Section 77-27,132, Revised Statutes Cumulative Supplement,
6 2014, is amended to read:

7 77-27,132 (1) There is hereby created a fund to be designated the
8 Revenue Distribution Fund which shall be set apart and maintained by the
9 Tax Commissioner. Revenue not required to be credited to the General Fund
10 or any other specified fund may be credited to the Revenue Distribution
11 Fund. Credits and refunds of such revenue shall be paid from the Revenue
12 Distribution Fund. The balance of the amount credited, after credits and
13 refunds, shall be allocated as provided by the statutes creating such
14 revenue.

15 (2) The Tax Commissioner shall pay to a depository bank designated
16 by the State Treasurer all amounts collected under the Nebraska Revenue
17 Act of 1967. The Tax Commissioner shall present to the State Treasurer
18 bank receipts showing amounts so deposited in the bank, and of the
19 amounts so deposited the State Treasurer shall:

20 (a) For transactions occurring on or after October 1, 2014, and
21 before October 1, 2019, credit to the Game and Parks Commission Capital
22 Maintenance Fund all of the proceeds of the sales and use taxes imposed
23 pursuant to section 77-2703 on the sale or lease of motorboats as defined
24 in section 37-1204, personal watercraft as defined in section 37-1204.01,
25 all-terrain vehicles as defined in section 60-103, and utility-type
26 vehicles as defined in section 60-135.01;

27 (b) Credit to the Highway Trust Fund all of the proceeds of the
28 sales and use taxes derived from the sale or lease for periods of more
29 than thirty-one days of motor vehicles, trailers, and semitrailers,
30 except that the proceeds equal to any sales tax rate provided for in
31 section 77-2701.02 that is in excess of five percent derived from the

1 sale or lease for periods of more than thirty-one days of motor vehicles,
2 trailers, and semitrailers shall be credited to the Highway Allocation
3 Fund;~~and~~

4 (c) For transactions occurring on or after July 1, 2013, and before
5 July 1, 2033, of the proceeds of the sales and use taxes derived from
6 transactions other than those listed in subdivisions (2)(a) and (b) of
7 this section from a sales tax rate of one-quarter of one percent, credit
8 monthly eighty-five percent to the State Highway Capital Improvement Fund
9 and fifteen percent to the Highway Allocation Fund; and -

10 (d) Credit to the Property Tax Credit Cash Fund one-half of the
11 amount determined pursuant to subsection (1) of section 1 of this act, if
12 such a determination has been made.

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

15 Sec. 4. Original sections 77-2715.03 and 77-27,132, Revised
16 Statutes Cumulative Supplement, 2014, are repealed.