

LEGISLATURE OF NEBRASKA
ONE HUNDRED FIFTH LEGISLATURE
SECOND SESSION

LEGISLATIVE BILL 1048

Introduced by Harr, 8.

Read first time January 17, 2018

Committee: Revenue

- 1 A BILL FOR AN ACT relating to revenue and taxation; to amend section
- 2 77-2716.01, Reissue Revised Statutes of Nebraska; to change
- 3 provisions relating to the personal exemption credit; and to repeal
- 4 the original section.
- 5 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 77-2716.01, Reissue Revised Statutes of Nebraska,
2 is amended to read:

3 77-2716.01 (1) For each taxable year in which exemptions are allowed
4 on the federal return, every Every individual shall be allowed to
5 subtract from his or her income tax liability an amount for personal
6 exemptions. The amount allowed to be subtracted shall be the credit
7 amount for the year as provided in this subsection ~~section~~ multiplied by
8 the number of exemptions allowed on the federal return. For tax year
9 1993, the credit amount shall be sixty-five dollars; for tax year 1994,
10 the credit amount shall be sixty-nine dollars; for tax year 1995, the
11 credit amount shall be sixty-nine dollars; for tax year 1996, the credit
12 amount shall be seventy-two dollars; for tax year 1997, the credit amount
13 shall be eighty-six dollars; for tax year 1998, the credit amount shall
14 be eighty-eight dollars; for tax year 1999, and each year thereafter, the
15 credit amount shall be adjusted for inflation by the method provided in
16 section 151 of the Internal Revenue Code of 1986, as amended. The eighty-
17 eight-dollar credit amount shall be adjusted for cumulative inflation
18 since 1998. If any credit amount is not an even dollar amount, the amount
19 shall be rounded to the nearest dollar. For nonresident individuals and
20 partial-year resident individuals, the personal exemption credit shall be
21 subtracted as specified in subsection (3) of section 77-2715.

22 (2)(a) For each taxable year in which exemptions are not allowed on
23 the federal return, every individual with income below the amounts
24 provided in subdivision (2)(c) of this section shall be allowed to
25 subtract from his or her income tax liability an amount for personal
26 exemptions. The amount allowed to be subtracted shall be the credit
27 amount for the year as provided in subsection (1) of this section
28 multiplied by the number of exemptions allowed under subdivision (2)(b)
29 of this section.

30 (b) An individual shall be allowed one exemption for each of the
31 following persons as long as such persons are not being claimed by

1 another taxpayer as a dependent:

2 (i) The individual;

3 (ii) The individual's spouse if (A) the individual's filing status
4 is married filing jointly or (B) a joint return is not made by the
5 individual and his or her spouse and the spouse has no gross income for
6 the taxable year; and

7 (iii) The individual's dependents as defined in 26 U.S.C. 152.

8 (c) An individual shall be eligible for the personal exemption
9 credit under this subsection if federal adjusted gross income is no more
10 than (i) two hundred thousand dollars for individuals with a filing
11 status of married filing jointly or (ii) one hundred thousand dollars for
12 individuals with any other filing status. Beginning with taxable year
13 2019, such amounts shall be adjusted for inflation by the percentage
14 determined under subsection (3) of section 77-2715.03.

15 (d) For nonresident individuals and partial-year resident
16 individuals, the personal exemption credit shall be subtracted as
17 specified in subsection (3) of section 77-2715.

18 (3)(a) ~~(2)(a)~~ For tax years beginning or deemed to begin on or after
19 January 1, 2003, and before January 1, 2004, under the Internal Revenue
20 Code of 1986, as amended, every individual who did not itemize deductions
21 on his or her federal return shall be allowed to subtract from federal
22 adjusted gross income a standard deduction based on the filing status
23 used on the federal return except as the amount is adjusted under section
24 77-2716.03. The standard deduction shall be the smaller of the federal
25 standard deduction actually allowed or (i) for single taxpayers four
26 thousand seven hundred fifty dollars, (ii) for head of household
27 taxpayers seven thousand dollars, (iii) for married filing jointly
28 taxpayers seven thousand nine hundred fifty dollars, and (iv) for married
29 filing separately taxpayers three thousand nine hundred seventy-five
30 dollars. Taxpayers who are allowed additional federal standard deduction
31 amounts because of age or blindness shall be allowed an increase in the

1 Nebraska standard deduction for each additional amount allowed on the
2 federal return. The additional amounts shall be for married taxpayers,
3 nine hundred fifty dollars, and for single or head of household
4 taxpayers, one thousand one hundred fifty dollars.

5 (b) For tax years beginning or deemed to begin on or after January
6 1, 2007, under the Internal Revenue Code of 1986, as amended, every
7 individual who did not itemize deductions on his or her federal return
8 shall be allowed to subtract from federal adjusted gross income a
9 standard deduction based on the filing status used on the federal return.
10 The standard deduction shall be the smaller of the federal standard
11 deduction actually allowed or (i) for single taxpayers three thousand
12 dollars and (ii) for head of household taxpayers four thousand four
13 hundred dollars. The standard deduction for married filing jointly
14 taxpayers shall be double the standard deduction for single taxpayers,
15 and for married filing separately taxpayers, the standard deduction shall
16 be the same as single taxpayers. Taxpayers who are allowed additional
17 federal standard deduction amounts because of age or blindness shall be
18 allowed an increase in the Nebraska standard deduction for each
19 additional amount allowed on the federal return. The additional amounts
20 shall be for married taxpayers six hundred dollars and for single or head
21 of household taxpayers seven hundred fifty dollars. The amounts in this
22 subdivision will be indexed using 1987 as the base year.

23 (c) For tax years beginning or deemed to begin on or after January
24 1, 2007, the standard deduction amounts, including the additional
25 standard deduction amounts, in this subsection shall be adjusted for
26 inflation by the method provided in section 151 of the Internal Revenue
27 Code of 1986, as amended. If any amount is not a multiple of fifty
28 dollars, the amount shall be rounded to the next lowest multiple of fifty
29 dollars.

30 (4) ~~(3)~~ Every individual who itemized deductions on his or her
31 federal return shall be allowed to subtract from federal adjusted gross

1 income the greater of either the standard deduction allowed in subsection
2 (3) ~~(2)~~ of this section or his or her federal itemized deductions, except
3 for the amount for state or local income taxes included in federal
4 itemized deductions before any federal disallowance.

5 Sec. 2. Original section 77-2716.01, Reissue Revised Statutes of
6 Nebraska, is repealed.