

LEGISLATURE OF NEBRASKA  
ONE HUNDRED EIGHTH LEGISLATURE  
FIRST SESSION

**LEGISLATIVE BILL 497**

Introduced by Linehan, 39.

Read first time January 17, 2023

Committee: Revenue

- 1 A BILL FOR AN ACT relating to revenue and taxation; to amend section
- 2 77-2716.01, Revised Statutes Cumulative Supplement, 2022; to change
- 3 provisions relating to itemized deductions; to repeal the original
- 4 section; and to declare an emergency.
- 5 Be it enacted by the people of the State of Nebraska,

1           Section 1. Section 77-2716.01, Revised Statutes Cumulative  
2 Supplement, 2022, is amended to read:

3           77-2716.01 (1)(a) Through tax year 2017, every individual shall be  
4 allowed to subtract from his or her income tax liability an amount for  
5 personal exemptions. The amount allowed to be subtracted shall be the  
6 credit amount for the year as provided in this subdivision multiplied by  
7 the number of exemptions allowed on the federal return. For tax year  
8 1993, the credit amount shall be sixty-five dollars; for tax year 1994,  
9 the credit amount shall be sixty-nine dollars; for tax year 1995, the  
10 credit amount shall be sixty-nine dollars; for tax year 1996, the credit  
11 amount shall be seventy-two dollars; for tax year 1997, the credit amount  
12 shall be eighty-six dollars; for tax year 1998, the credit amount shall  
13 be eighty-eight dollars; for tax year 1999, and each year thereafter  
14 through tax year 2017, the credit amount shall be adjusted for inflation  
15 by the method provided in section 151 of the Internal Revenue Code of  
16 1986, as it existed prior to December 22, 2017. The eighty-eight-dollar  
17 credit amount shall be adjusted for cumulative inflation since 1998. If  
18 any credit amount is not an even dollar amount, the amount shall be  
19 rounded to the nearest dollar. For nonresident individuals and partial-  
20 year resident individuals, the personal exemption credit shall be  
21 subtracted as specified in subsection (3) of section 77-2715.

22           (b) Beginning with tax year 2018, every individual, except an  
23 individual that can be claimed for a child credit or dependent credit on  
24 the federal return of another taxpayer, shall be allowed to subtract from  
25 his or her income tax liability an amount for personal exemptions. The  
26 amount allowed to be subtracted shall be the credit amount for the year  
27 as provided in this subdivision multiplied by the sum of the number of  
28 child credits and dependent credits taken on the federal return, plus two  
29 for a married filing jointly return or plus one for any other return. For  
30 tax year 2018, the credit amount shall be one hundred thirty-four  
31 dollars. For tax year 2019 and each tax year thereafter, the credit

1 amount shall be adjusted for inflation based on the percentage change in  
2 the Consumer Price Index for All Urban Consumers published by the federal  
3 Bureau of Labor Statistics from the twelve months ending on August 31,  
4 2017, to the twelve months ending on August 31 of the year preceding the  
5 taxable year. If any credit amount is not an even dollar amount, the  
6 amount shall be rounded to the nearest dollar. For nonresident  
7 individuals and partial-year resident individuals, the personal exemption  
8 credit shall be subtracted as specified in subsection (3) of section  
9 77-2715.

10 (2)(a) For tax years beginning or deemed to begin on or after  
11 January 1, 2003, and before January 1, 2004, under the Internal Revenue  
12 Code of 1986, as amended, every individual who did not itemize deductions  
13 on his or her federal return shall be allowed to subtract from federal  
14 adjusted gross income a standard deduction based on the filing status  
15 used on the federal return except as the amount is adjusted under section  
16 77-2716.03. The standard deduction shall be the smaller of the federal  
17 standard deduction actually allowed or (i) for single taxpayers four  
18 thousand seven hundred fifty dollars, (ii) for head of household  
19 taxpayers seven thousand dollars, (iii) for married filing jointly  
20 taxpayers seven thousand nine hundred fifty dollars, and (iv) for married  
21 filing separately taxpayers three thousand nine hundred seventy-five  
22 dollars. Taxpayers who are allowed additional federal standard deduction  
23 amounts because of age or blindness shall be allowed an increase in the  
24 Nebraska standard deduction for each additional amount allowed on the  
25 federal return. The additional amounts shall be for married taxpayers,  
26 nine hundred fifty dollars, and for single or head of household  
27 taxpayers, one thousand one hundred fifty dollars.

28 (b) For tax years beginning or deemed to begin on or after January  
29 1, 2007, and before January 1, 2018, under the Internal Revenue Code of  
30 1986, as amended, every individual who did not itemize deductions on his  
31 or her federal return shall be allowed to subtract from federal adjusted

1 gross income a standard deduction based on the filing status used on the  
2 federal return. The standard deduction shall be the smaller of the  
3 federal standard deduction actually allowed or (i) for single taxpayers  
4 three thousand dollars and (ii) for head of household taxpayers four  
5 thousand four hundred dollars. The standard deduction for married filing  
6 jointly taxpayers shall be double the standard deduction for single  
7 taxpayers, and for married filing separately taxpayers, the standard  
8 deduction shall be the same as single taxpayers. Taxpayers who are  
9 allowed additional federal standard deduction amounts because of age or  
10 blindness shall be allowed an increase in the Nebraska standard deduction  
11 for each additional amount allowed on the federal return. The additional  
12 amounts shall be for married taxpayers six hundred dollars and for single  
13 or head of household taxpayers seven hundred fifty dollars. The amounts  
14 in this subdivision will be indexed using 1987 as the base year.

15 (c) For tax years beginning or deemed to begin on or after January  
16 1, 2007, and before January 1, 2018, the standard deduction amounts,  
17 including the additional standard deduction amounts, in this subsection  
18 shall be adjusted for inflation by the method provided in section 151 of  
19 the Internal Revenue Code of 1986, as it existed prior to December 22,  
20 2017. If any amount is not a multiple of fifty dollars, the amount shall  
21 be rounded to the next lowest multiple of fifty dollars.

22 (3)(a) For tax years beginning or deemed to begin on or after  
23 January 1, 2018, every individual who did not itemize deductions on his  
24 or her federal return shall be allowed to subtract from federal adjusted  
25 gross income a standard deduction based on the filing status used on the  
26 federal return. The standard deduction shall be the smaller of the  
27 federal standard deduction actually allowed or (i) six thousand seven  
28 hundred fifty dollars for single taxpayers and (ii) nine thousand nine  
29 hundred dollars for head of household taxpayers. The standard deduction  
30 for married filing jointly taxpayers or qualifying widows or widowers  
31 shall be double the standard deduction for single taxpayers, and the

1 standard deduction for married filing separately taxpayers shall be the  
2 same as the standard deduction for single taxpayers. Taxpayers who are  
3 allowed additional federal standard deduction amounts because of age or  
4 blindness shall be allowed an increase in the Nebraska standard deduction  
5 for each additional amount allowed on the federal return. The additional  
6 amounts shall be one thousand three hundred dollars for married taxpayers  
7 and one thousand six hundred dollars for single or head of household  
8 taxpayers.

9 (b) For tax years beginning or deemed to begin on or after January  
10 1, 2019, the standard deduction amounts, including the additional  
11 standard deduction amounts, in this subsection shall be adjusted for  
12 inflation based on the percentage change in the Consumer Price Index for  
13 All Urban Consumers published by the federal Bureau of Labor Statistics  
14 from the twelve months ending on August 31, 2017, to the twelve months  
15 ending on August 31 of the year preceding the taxable year. If any amount  
16 is not a multiple of fifty dollars, the amount shall be rounded to the  
17 next lowest multiple of fifty dollars.

18 (4)(a) For tax years beginning or deemed to begin before January 1,  
19 2022, every (4) Every individual who itemized deductions on his or her  
20 federal return shall be allowed to subtract from federal adjusted gross  
21 income the greater of either:

22 (i) The the standard deduction allowed in this section; or

23 (ii) His his or her federal itemized deductions as defined in  
24 section 63(d) of the Internal Revenue Code of 1986, as amended, except  
25 for the amount for state or local income taxes included in federal  
26 itemized deductions before any federal disallowance.

27 (b) For tax years beginning or deemed to begin on or after January  
28 1, 2022, every individual who itemized deductions on his or her federal  
29 return shall be allowed to subtract from federal adjusted gross income  
30 the greater of either:

31 (i) The standard deduction allowed in this section; or

1           (ii) The sum of:

2           (A) His or her federal itemized deductions as defined in section  
3 63(d) of the Internal Revenue Code of 1986, as amended, except for the  
4 amount for state or local income taxes included in federal itemized  
5 deductions before any federal disallowance; and

6           (B) The total amount of state and local property taxes reported on  
7 his or her federal return before any federal disallowance or cap, less  
8 the amount of state and local property taxes actually included in federal  
9 itemized deductions.

10           Sec. 2. Original section 77-2716.01, Revised Statutes Cumulative  
11 Supplement, 2022, is repealed.

12           Sec. 3. Since an emergency exists, this act takes effect when  
13 passed and approved according to law.