

LEGISLATURE OF NEBRASKA
NINETY-SIXTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 400

Introduced by Wickersham, 49; Coordsen, 32; Landis, 46;
Schellpeper, 18

Read first time January 13, 1999

Committee: Revenue

A BILL

1 FOR AN ACT relating to revenue and taxation; to amend section
2 77-2715, Reissue Revised Statutes of Nebraska; to change
3 income tax calculations; to provide an operative date;
4 and to repeal the original section.
5 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 77-2715, Reissue Revised Statutes of
2 Nebraska, is amended to read:

3 77-2715. (1) A tax is hereby imposed for each taxable
4 year on the entire income of every resident individual and on the
5 income of every nonresident individual and partial-year resident
6 individual which is derived from sources within this state, except
7 that any individual who has additions to adjusted gross income
8 pursuant to section 77-2716 of less than five thousand dollars
9 shall not have an individual income tax liability after
10 nonrefundable credits under the Nebraska Revenue Act of 1967 that
11 exceeds his or her individual income tax liability before credits
12 under the Internal Revenue Code of 1986.

13 (2)(a) The tax for each resident individual shall be a
14 percentage of such individual's federal adjusted gross income as
15 modified in sections 77-2716 and 77-2716.01, plus ~~a percentage of~~
16 an additional tax which reflects (i) the federal alternative
17 minimum tax, (ii) and the federal tax on premature or lump-sum
18 distributions from qualified retirement plans, and (iii) the
19 capital gains exclusion and income tax credits listed in
20 subdivision (2)(b)(iv) of this section.

21 (b) The additional ~~taxes tax~~ shall be ~~recomputed~~ computed
22 by ~~(a)~~ (i) substituting Nebraska taxable income for federal taxable
23 income, ~~(b)~~ (ii) calculating what the federal alternative minimum
24 tax would be on Nebraska taxable income and adjusting such
25 calculations for any items which are reflected differently in the
26 determination of federal taxable income, ~~and (c)~~ (iii) adding an
27 amount equal to five percent times any capital gains excluded under
28 section 77-2715.09, (iv) adding any credits used under subdivisions

1 (1)(a), (2)(a) and (b), (3)(b), and (4)(b) of section 77-2715.07
2 and sections 77-27,188 and 77-4105, and (v) applying Nebraska rates
3 to the result. The federal credit for prior year minimum tax,
4 after the recomputations required by the ~~act~~ Nebraska Revenue Act
5 of 1967 times the Nebraska rate for the year the federal tax was
6 originally paid, shall be allowed as a reduction in the income tax
7 due.

8 (3) The tax for each nonresident individual and
9 partial-year resident individual shall be the portion of the tax
10 imposed on resident individuals which is attributable to the income
11 derived from sources within this state. The tax which is
12 attributable to income derived from sources within this state shall
13 be determined by subtracting from the liability to this state for a
14 resident individual with the same total income the credit for
15 personal exemptions and multiplying the result by a fraction, the
16 numerator of which is the nonresident individual's or partial-year
17 resident individual's Nebraska adjusted gross income as determined
18 by section 77-2733 or 77-2733.01 and the denominator of which is
19 his or her total federal adjusted gross income, after first
20 adjusting each by the amounts provided in section 77-2716. If this
21 determination attributes more or less tax than is reasonably
22 attributable to income derived from sources within this state, the
23 taxpayer may petition for or the Tax Commissioner may require the
24 employment of any other method to attribute an amount of tax which
25 is reasonable and equitable in the circumstances.

26 (4) The tax for each estate and trust, other than trusts
27 taxed as corporations under the Internal Revenue Code of 1986,
28 shall be as determined under section 77-2717.

1 (5) A refund shall be allowed to the extent that the
2 income tax paid by the individual, estate, or trust for the taxable
3 year exceeds the income tax payable, except that no refund shall be
4 made in any amount less than two dollars.

5 Sec. 2. This act becomes operative for all taxable years
6 beginning or deemed to begin on or after January 1, 2000, under the
7 Internal Revenue Code of 1986, as amended.

8 Sec. 3. Original section 77-2715, Reissue Revised
9 Statutes of Nebraska, is repealed.