

AMENDMENTS TO LB 1085

(Amendments to E & R amendments, AM7211)

1           1.     Strike section 10 and all amendments thereto and  
2 insert the following new sections:

3           "Sec. 10.     Section 77-2715.02, Revised Statutes  
4 Supplement, 2000, is amended to read:

5           77-2715.02.   (1) Whenever the primary rate is changed by  
6 the Legislature under section 77-2715.01, the Tax Commissioner  
7 shall update the rate schedules required in subsection (2) of this  
8 section to reflect the new primary rate and shall publish such  
9 updated schedules.

10           (2) The following rate schedules are hereby established  
11 for the Nebraska individual income tax and shall be in the  
12 following form:

13           (a) The income amounts for columns A and E shall be:

14           (i) \$0, \$2,400, \$17,000, and \$26,500, for single returns  
15 and for each spouse electing for separate calculation of tax  
16 liability under subsection (4) of section 77-2732;

17           (ii) \$0, \$4,000, \$30,000, and \$46,750, for married filing  
18 joint returns;

19           (iii) \$0, \$3,800, \$24,000, and \$35,000, for  
20 head-of-household returns;

21           (iv) \$0, \$2,000, \$15,000, and \$23,375, for married filing  
22 separate returns; and

23           (v) \$0, \$500, \$4,700, and \$15,150, for estates and

1 trusts;

2 (b) The amount in column C shall be the total amount of  
3 the tax imposed on income less than the amount in column A;

4 (c) The amount in column D shall be the rate on the  
5 income in excess of the amount in column E;

6 (d) The For taxable years beginning or deemed to begin  
7 before January 1, 2003, and on or after January 1, 2004, under the  
8 Internal Revenue Code of 1986, as amended, the primary rate set by  
9 the Legislature shall be multiplied by the following factors to  
10 compute the tax rates for column D. The factors for the brackets,  
11 from lowest to highest bracket, shall be .6784, .9432, 1.3541, and  
12 1.8054;

13 (e) For taxable years beginning or deemed to begin on or  
14 after January 1, 2003, and before January 1, 2004, under the  
15 Internal Revenue Code of 1986, as amended, the primary rate set by  
16 the Legislature shall be multiplied by the following factors to  
17 compute the tax rates for column D. The factors for the brackets,  
18 from lowest to highest bracket, shall be .6932, .9646, 1.3846, and  
19 1.848;

20 (f) The amounts for column C shall be rounded to the  
21 nearest dollar, and the amounts in column D shall be rounded to  
22 hundredths of one percent; and

23 ~~(f)~~ (g) One rate schedule shall be established for each  
24 federal filing status.

25 (3) The tax rate schedules shall use the format set forth  
26 in this subsection.

27 A B C D E

1 Taxable income but not pay plus of the  
2 over over amount over

3 (4) The tax rate applied to other federal taxes included  
4 in the computation of the Nebraska individual income tax shall be  
5 eight times the primary rate.

6 (5) The Tax Commissioner shall prepare, from the rate  
7 schedules, tax tables which can be used by a majority of the  
8 taxpayers to determine their Nebraska tax liability. The design of  
9 the tax tables shall be determined by the Tax Commissioner. The  
10 size of the tax table brackets may change as the level of income  
11 changes. The difference in tax between two tax table brackets  
12 shall not exceed fifteen dollars. The Tax Commissioner may build  
13 the personal exemption credit and standard deduction amounts into  
14 the tax tables.

15 (6) The Tax Commissioner may require by rule and  
16 regulation that all taxpayers shall use the tax tables if their  
17 income is less than the maximum income included in the tax tables.

18 Sec. 12. Section 77-2716.01, Revised Statutes  
19 Supplement, 2000, is amended to read:

20 77-2716.01. (1) Every individual shall be allowed to  
21 subtract from his or her income tax liability an amount for  
22 personal exemptions. The amount allowed to be subtracted shall be  
23 the credit amount for the year as provided in this section  
24 multiplied by the number of exemptions allowed on the federal  
25 return. For tax year 1993, the credit amount shall be sixty-five  
26 dollars; for tax year 1994, the credit amount shall be sixty-nine  
27 dollars; for tax year 1995, the credit amount shall be sixty-nine

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1 dollars; for tax year 1996, the credit amount shall be seventy-two  
2 dollars; for tax year 1997, the credit amount shall be eighty-six  
3 dollars; for tax year 1998, the credit amount shall be eighty-eight  
4 dollars; for tax year 1999, and each year thereafter, the credit  
5 amount shall be adjusted for inflation by the method provided in  
6 section 151 of the Internal Revenue Code of 1986, as amended. The  
7 eighty-eight-dollar credit amount shall be adjusted for cumulative  
8 inflation since 1998. If any credit amount is not an even dollar  
9 amount, the amount shall be rounded to the nearest dollar. The  
10 amount allowed for each personal exemption shall be reduced, but  
11 not below zero, by five dollars for each five thousand dollars, or  
12 portion thereof, that federal adjusted gross income exceeds ninety  
13 thousand dollars for married filing joint returns, fifty-four  
14 thousand dollars for single returns, seventy-five thousand dollars  
15 for head-of-household returns, and for married filing separate  
16 returns, one-half the amount stated in this subsection for married  
17 filing joint returns. For nonresident individuals and partial-year  
18 resident individuals, the personal exemption credit shall be  
19 subtracted as specified in subsection (3) of section 77-2715. For  
20 tax year 1994 and each tax year thereafter, the income levels  
21 stated in this subsection shall be adjusted for inflation by the  
22 method provided in section 151 of the Internal Revenue Code of  
23 1986, as amended. If any income level in this subsection is not a  
24 multiple of one thousand dollars, the amount shall be rounded to  
25 the next highest multiple of one thousand dollars.

26 (2) ~~Every~~ For taxable years beginning or deemed to begin  
27 before January 1, 2003, and on or after January 1, 2004, every

1 individual who did not itemize deductions on his or her federal  
2 return shall be allowed to subtract from federal adjusted gross  
3 income a standard deduction equal to the federal standard deduction  
4 for the filing status used on the federal return except as the  
5 amount is adjusted under section 77-2716.03.

6 (3) For taxable years beginning or deemed to begin on or  
7 after January 1, 2003, and before January 1, 2004, every individual  
8 who did not itemize deductions on his or her federal return shall  
9 be allowed to subtract from federal adjusted gross income a  
10 standard deduction of seven thousand eight hundred fifty dollars  
11 for taxpayers filing married filing joint returns, three thousand  
12 nine hundred twenty-five dollars for married filing separate  
13 returns, six thousand nine hundred dollars for head-of-household  
14 returns, and four thousand seven hundred dollars for single  
15 returns.

16 (4) Every individual who itemized deductions on his or  
17 her federal return shall be allowed to subtract from federal  
18 adjusted gross income the greater of either the standard deduction  
19 allowed in subsection (2) or (3) of this section or the amount  
20 before the federal disallowance of his or her federal itemized  
21 deductions, except for the amount deducted on the federal return  
22 for state or local income taxes paid and the amount of any  
23 adjustment required under section 77-2716.03.

24 (6) For taxable years beginning or deemed to begin on or  
25 after January 1, 2003, and before January 1, 2004, taxpayers who  
26 filed joint returns, itemized deductions on their federal returns,  
27 and elected separate calculation of tax liability shall each be

1 allowed to claim a portion of the itemized deductions as allocated  
2 in section 77-2732. One spouse may not subtract the standard  
3 deduction and the other spouse claim itemized deductions. For  
4 purposes of the adjustment under section 77-2716.03, the adjustment  
5 shall be shared equally based on their joint income.

6           Sec. 13.     Section 77-2732, Reissue Revised Statutes of  
7 Nebraska, is amended to read:

8           77-2732. (1) If the federal tax liability of husband or  
9 wife is determined on separate federal returns, their tax  
10 liabilities in this state shall be separately determined.

11           (2) Except as provided in ~~subsection (3)~~ subsections (3)  
12 and (4) of this section, if the federal tax liability of husband  
13 and wife is determined on a joint federal return, their tax  
14 liability shall be determined in this state jointly and their tax  
15 liability shall be joint and several.

16           (3) If the federal tax liability of husband and wife is  
17 determined on a joint federal return and either husband or wife is  
18 a nonresident individual or partial-year resident individual and  
19 the other a resident individual, separate taxes shall be determined  
20 on their separate tax liabilities in this state on such forms as  
21 the Tax Commissioner shall prescribe and their tax liability shall  
22 be separate unless both elect to determine their joint tax  
23 liability in this state as if both were resident individuals, in  
24 which case their tax liability shall be joint and several. If a  
25 husband and wife file a joint federal income tax return but  
26 determine their tax liabilities in this state separately, they  
27 shall compute their tax liabilities in this state as if their

1 federal tax liabilities had been determined separately.

2           (4) For taxable years beginning or deemed to begin on or  
3 after January 1, 2003, and before January 1, 2004, a husband and  
4 wife may elect to have their income tax liability calculated  
5 separately on the same return developed by the Tax Commissioner.  
6 The election shall result in the separate calculation of income tax  
7 liability which is then summed, resulting in the total joint  
8 liability of the married couple. The calculation for alternative  
9 minimum tax shall be performed using the income, deductions, and  
10 credits of both the husband and wife combined and any liability  
11 shall be added to the combined liability of both. All credits  
12 shall be applied against the joint liability. Upon election, the  
13 following items shall be allocated to each spouse's separate tax  
14 calculations as follows:

15           (a) Income shall be allocated to the spouse who earned  
16 the income or who owned the property that produced the income.  
17 Income from property held jointly shall be allocated equally  
18 between the spouses;

19           (b) Adjustments to federal adjusted gross income provided  
20 in section 77-2716 shall be allocated to the spouse earning the  
21 income or owning the property that results in the adjustment.  
22 Adjustments resulting from property held jointly shall be allocated  
23 equally between the spouses;

24           (c) Federal itemized deductions allowed under section  
25 77-2716.01 with respect to a trade or business shall be allocated  
26 to the spouse to whom the expense is attributable; and

27           (d) Other federal itemized deductions allowed under

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1 section 77-2716.01 shall be allocated equally between the spouses.

2           (5) During the time a claim for credit or refund may be  
3 filed pursuant to section 77-2793, a husband and wife electing to  
4 be taxed as if both were residents of this state may revoke the  
5 election by each filing a separate return on such forms and in such  
6 manner as may be required by the Tax Commissioner.".

7           2. On page 43, line 9, strike "sections 77-2715.02 and  
8 77-2716" and insert "section 77-2732, Reissue Revised Statutes of  
9 Nebraska, sections 77-2715.02, 77-2716, and 77-2716.01".

10           3. Renumber the remaining sections and correct internal  
11 references accordingly.