



Hundredth Legislature - First Session - 2007
Introducer's Statement of Intent
LB 436

Chairperson: Ray Janssen
Committee: Revenue
Date of Hearing: February 2, 2007

The following constitutes the reasons for this bill and the purposes which are sought to be accomplished thereby:

Legislative Bill 436 changes the structure of the Nebraska income tax. The bill proposes two brackets – above and below \$45,000 for single taxpayers and married taxpayers filing separate returns and above and below \$90,000 for married taxpayers filing joint returns and head of household taxpayers. The rates for the low and high brackets are 4.8% and 7.1%, respectively.

The bill also increases the amounts of the standard deductions and the personal exemption credit. The personal exemption is \$300 for tax year 2007 and indexed for inflation each year thereafter. The standard deduction amounts for tax year 2007 are \$6,100 for single taxpayers and married taxpayers filing separate returns and \$12,200 for married taxpayers filing joint returns and head of household taxpayers. Blind and aged taxpayers, regardless of filing status, are allowed an increase in the standard deduction of \$1,150. The standard deduction amounts and the increase in the standard deduction for blind and aged taxpayers are also indexed for inflation. The ability to itemize deductions on the state return is eliminated.

LB 436 eliminates the additional tax for taxpayers whose federal adjusted gross incomes exceed \$150,500, or \$75,250 for married taxpayers who file separately. The state Alternative Minimum Tax is also eliminated. The changes proposed in this bill result in the elimination of the marriage penalty.

Principal Introducer: _____
Senator Ron Raikes