



One Hundred First Legislature - First Session - 2009  
**Introducer's Statement of Intent**  
**LB 538**

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**Chairperson:** Abbie Cornett  
**Committee:** Revenue  
**Date of Hearing:** February 4, 2009

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

LB 538 provides that up to \$75,000 of the federal adjusted gross pension income for all retirees from all state operated public employee retirement systems, the U.S. Civil Service Retirement System, the U.S. Military Retirement System, and individuals receiving Social Security benefits would be excluded from paying state income tax, with the exemption phased in over five years. The applicable retirement systems which would receive this benefit are the School Employees Retirement System, the Omaha School Employees Retirement System, the County Employees Retirement System, the Judges Retirement System, the Nebraska State Patrol Retirement System, the State Employees Retirement System, the U.S. Civil Service Retirement System, and the U.S. Military Employees Retirement System.

Under LB 538, taxpayers filing a single return in 2008 would be able to exclude up to \$15,000 in retirement income. If both spouses receive qualifying retirement income, the exclusion would be \$30,000. The exclusion would be phased in over a five-year period, increasing the excluded amount by 20% of the final cap each year until the \$75,000 maximum exclusion for single taxpayers is reached in 2013.

**Principal Introducer:** \_\_\_\_\_  
**Senator Robert Giese**