

One Hundred Second Legislature - First Session - 2011

Introducer's Statement of Intent

LB620

Chairperson: Senator Abbie Cornett

Committee: Revenue

Date of Hearing: March 02, 2011

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

LB620 replaces the current system of progressive income tax rates with a flat rate for taxes levied on individuals. This tax rate is set at 3.5% beginning January 1, 2014. LB620 eliminates the tax credits available to individuals in Neb. Rev. Stat. section 77-2715.07 and disallows itemized deductions by striking Neb. Rev. Stat. section 77-2716.01(3). Every individual shall be allowed to subtract from federal adjusted gross income a personal exemption of three thousand dollars and a standard deduction of four thousand dollars for single taxpayers, eight thousand dollars for married filing jointly taxpayers, and four thousand dollars for married filing separately taxpayers.

LB620 also severs the corporate income tax rate from the tax rate for individuals and sets a flat rate for income taxes levied on corporations. Beginning in 2014, the tax rate will be 4.5%, and in each subsequent year, will decline 0.1%, until January 1, 2024, after which time the rate will be 3.5%.

Principal Introducer: _____

Senator Tyson Larson