

One Hundred Fourth Legislature - First Session - 2015

Introducer's Statement of Intent

LB267

Chairperson: Senator Mike Gloor

Committee: Revenue

Date of Hearing: January 28, 2015

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

LB 267 provides two tax credits for military retirees who receive military retirement income.

One tax credit applies to military retirees who earn non-retirement income in the state of Nebraska. Non-retirement income excludes investment income. Specifically, one dollar of retirement income is excluded from state income tax for every one dollar of non-retirement income earned. A military retiree filing a joint return could exempt up to \$60,000 of military retirement income while a military retiree filing any other type of return could exempt up to \$30,000 of retirement income. This tax credit decreases by one dollar for every dollar that the taxpayer's federal adjusted gross income exceeds \$120,000 for retirees filing a joint return and \$60,000 for taxpayers filing any other type of return. This exemption is available for fifteen years beginning with the taxable year in which the taxpayer first excludes retirement income.

The other tax credit under LB 267 applies to military retirees who are 62 years of age or older. Eligible military retiree can exclude the lesser of military retirement income earned in the previous year or \$10,000 of military retirement income. Eligible military retirees are individuals who earn less than \$80,000 for taxpayers filing a joint return and \$60,000 for taxpayers filing any other type of return.

A military retiree cannot claim both tax credits in one taxable year.

Principal Introducer: _____

Senator Sue Crawford

