

One Hundred Fourth Legislature - First Session - 2015

Introducer's Statement of Intent

LB574

Chairperson: Senator Mike Gloor

Committee: Revenue

Date of Hearing: March 12, 2015

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

Under current law, personal intangible property (such as stocks and bonds) is exempt from taxation. LB574 imposes a 1.5% tax on all personal intangible property, equal to \$1.50 per every \$100 of its fair market value, and provides for several exceptions including:

- federal or state government bonds;
- interests in retirement plans, including pensions and profit sharing, annuity or stock bonus plans exempt from federal income tax, annuity contracts or custodial accounts; individual retirement accounts or annuities, employee stock options, foreign, civil and armed services retirement plans provided by the federal government, Nebraska School Employees Retirement System plans;
- life insurance and annuity policies;
- processing of intangible personal property;
- non-profit, religious, and educational intangible property;
- mandatory and required banking assets, mandatory deposits with the Federal Reserve Bank, intangible personal property owned by international banking entities licensed to do business in Nebraska, cash and cash equivalents including checking accounts; and
- intercompany financing instruments and obligations from an employer to employee for services rendered.

LB574 includes a personal intangible property tax exemption not to exceed \$150,000 for individual filers and not to exceed \$350,000 for married couples filing jointly.

LB574 creates the Intangible Personal Property Tax Fund, and revenue from the tax would be credited to this fund and used by the Legislature to support public school funding and to reduce the overall tax burden of real and tangible personal property.

Principal Introducer: _____

Senator Al Davis