

# One Hundred Fifth Legislature - First Session - 2017

## Introducer's Statement of Intent

### LB337

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**Chairperson: Senator Jim Smith**

**Committee: Revenue**

**Date of Hearing: February 08, 2017**

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

LB 337 phases in a reduction of the top income bracket over an eight-year period beginning in 2020. The current top bracket of 6.84 percent would ultimately be reduced to 5.99 percent, cut by roughly 0.11 percent each year.

Beginning in November 2019 and each November thereafter, the Tax Rate Review Committee shall examine the expected growth in net General Fund receipts as determined by the Nebraska Economic Forecasting Advisory Board's October forecast. If the expected rate of growth in net General Fund receipts is less than 3.5 percent, the Tax Rate Review Committee shall defer the tax rate reduction that was scheduled to begin the following January. If the reduction is deferred, the rate that was effective the current year remains in place.

For 2020 through 2026, the tax rate reduction deferral shall remain in effect until the expected growth rate in net General Fund receipts exceeds 4.2 percent. The Tax Rate Review Committee shall void the oldest remaining income tax rate reduction deferral for the taxable years beginning the immediately following January. No more than one deferral may be voided for any one taxable year. For 2027 and thereafter, any remaining income tax rate reduction deferral shall remain in effect until the expected rate of growth exceeds 3.5 percent.

**Principal Introducer:** \_\_\_\_\_

Senator Jim Smith