

One Hundred Fifth Legislature - Second Session - 2018

Introducer's Statement of Intent

LB947

Chairperson: Senator Jim Smith

Committee: Revenue

Date of Hearing: January 31, 2018

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

LB 947 would allow for the adoption of the Nebraska Property Tax Cuts and Opportunities Act. Under the Act:

Residential homeowners shall be allowed a refundable income tax credit equal to a percentage of property taxes paid during the taxable year. Beginning January 2018, the credit shall be ten percent of property taxes paid. For taxable year 2019 and each year thereafter, if actual net General Fund receipts come in at least one percent above certified estimated receipts, the percentage used to calculate the refundable income tax credits shall be the percentage from the prior year plus two percentage points, not to exceed thirty percent. For taxable year 2018, the limitation amount of the refundable income tax credit shall be \$230 per homestead. For taxable year 2019 and each year thereafter, if the percentage used to calculate the credit is increased, the limitation amount may be increased each year by a maximum of \$50, not to exceed \$730.

Resident individuals paying property taxes on agricultural land and horticultural land, farm sites and improvements on farm sites shall be allowed a refundable income tax credit equal to a percentage of property taxes paid during the taxable year. Beginning January 2018, the credit shall be ten percent of property taxes paid. For taxable year 2019 and each year thereafter, if actual net General Fund receipts come in at least one percent above certified estimated receipts, the percentage used to calculate the refundable income tax credits shall be the percentage from the prior year plus two percentage points, not to exceed thirty percent. There is no limitation amount on the refundable income tax credit.

LB 947 provides for a two-year phase down of the top individual income tax rate from 6.84% to 6.69%. Additionally, the bill provides for a two-year phase down of the corporate tax rate for all taxable income in excess of \$100,000 from 7.81% to 6.69%.

The bill directs the State Treasurer to transfer from the General Fund \$5 million to the Job Training Cash Fund on or before July 15, 2018 and another \$5 million to the fund on or before July 15, 2019.

Finally, LB 947 eliminates exemptions under the Personal Property Tax Relief Act and eliminates credits under the Property Tax Credit Act to fund the income tax credits and tax-rate reductions proposed in the bill.

Principal Introducer: _____

Senator Jim Smith