

# **Legislature - First Session - 2019**

## **Introducer's Statement of Intent**

### **LB263**

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**Chairperson: Senator Lou Ann Linehan**

**Committee: Revenue**

**Date of Hearing: February 7, 2019**

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

Legislative Bill 263 would amend Section 77-2716 to fix an unintentional oversight which affects income tax liability for many Nebraska National Guard and Reserve retirees.

Currently, Section 77-2716 allows military retirees two different options where they may elect to exclude a percentage of military retirement pay from income tax liability. The first option allows for forty percent of military retirement income to be excluded for seven years from the time of election, and the second option allows for fifteen percent of military retirement income to be excluded from all taxable years beginning with the year the military retiree turns 67 years old.

Because military retirees must make this election within two years from their date of retirement, the majority of National Guard and Reserve members cannot take advantage of the first option (forty percent for seven years) due to the fact that they do not begin to receive their retirement income until they reach the age of 60. LB 263 would allow National Guard and Reserve retirees the ability to take advantage of either one of the income tax deduction options.

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

Senator Robert Clements