

One Hundred Seventh Legislature - First Session - 2021

Introducer's Statement of Intent

LB310

Chairperson: Senator Lou Ann Linehan

Committee: Revenue

Date of Hearing: February 18, 2021

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

Legislative Bill 310 amends the Nebraska Inheritance Tax to reduce rates and increase exemptions.

The changes in the bill seek the continued improvement of Nebraska's tax structure. Allowing people to keep more of their inheritance will increase capital formation and encourage economic growth. Reducing rates and increasing exemptions creates a fairer and more reasonable tax, which in turn decreases the incentive for some Nebraska residents to move to another state.

Currently, Nebraska is one of only six states that still levy inheritance taxes. Over the last 27 years Nebraska has averaged around five percent annual compound growth in total inheritance tax revenue. LB 310 seeks to reset the revenue to the amount it would have been with two and a half percent inflation.

The rates would be reduced in each of the three inheritance tax categories by half while exemption would be increased. These changes would take place over a phase-in period of three years, starting January 1, 2022.

The changes are as follows:

<u>Year</u>	<u>Family</u>	<u>Relatives</u>	<u>Others</u>
Current	1%	13%	18%
2022	1%	11%	15%
2023	.75%	9%	12%
2024	.50%	6%	9%

Exemption

Current	\$40k	\$15k	\$10k
2022	\$150k	\$60k	\$40k

Annual Increase of Exemption

	\$5k	\$2.5k	\$2.5k
2023	\$155k	\$62.5k	\$42.5k

Principal Introducer: _____

Senator Robert Clements