

One Hundred Eighth Legislature - Second Session - 2024

Introducer's Statement of Intent

LB1067

Chairperson: Senator Lou Ann Linehan

Committee: Revenue

Date of Hearing: February 08, 2024

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

LB 1067 will phase out Nebraska's Inheritance Tax over five years, becoming zero in 2028. Nebraska remains one of only five states that still collect inheritance tax, which include Kentucky, Pennsylvania, New Jersey, and Maryland.

Rates will be stepped down while exemptions remain at current levels. This strategy would gradually bring down the average inheritance tax revenue collected statewide by approximately 20% a year, based on reporting from 2023. See the table below:

Year of Death:	2023	2024	2025	2026	2027	2028
Class 1 - Child:	1.00%	1.00%	0.75%	0.50%	0.25%	0.00%
Class 2 - Niece:	11.00%	5.00%	4.00%	3.00%	2.00%	0.00%
Class 3 - No Relation:	15.00%	5.00%	4.00%	3.00%	2.00%	0.00%

Exemptions remain: Class 1: \$100,000 Class 2: \$40,000 Class 3: \$25,000

LB 1067 would also clean up reporting requirements for the inheritance tax by changing "revenue generated" to "tax paid" in law. This change is necessary for accurate reporting because some revenue generated in one county is often paid to other counties. Reporting is also made mandatory to correct the problem of 26% under-reporting in 2023. The new reporting requirements would begin with deaths occurring on and after July 1, 2024.

State Prisoner Reimbursement, which ended in 2009, is reinstated, to pay counties for state prisoners held in county jails. Also, flexibility is granted to counties for the use of the County Visitors Promotion and Improvement Funds, which come from the lodging tax.

Principal Introducer: _____

Senator Robert Clements