

Legislature - First Session - 2019

Introducer's Statement of Intent

LB314

Chairperson: Senator Lou Ann Linehan

Committee: Revenue

Date of Hearing: February 14, 2019

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

LB 314 would provide comprehensive, revenue-neutral property tax relief in several ways. It would generate revenue from a wide range of sources, including by closing several exemptions in Nebraska sales tax; raising the state sales tax rate by one-half of one percent; ending an exemption on out-of-state earnings through certain companies which are not subject to any state tax elsewhere; adding a 7.84% surtax on income over two hundred and fifty thousand dollars per year for individuals, and five hundred thousand dollars for married couple filing jointly; end a tax exemption on tangible personal property; repeal an exclusion on extraordinary dividends and special capital gains realized; and reinstate an alternative minimum tax in Nebraska. It would also increase excise taxes on cigarettes and eliminate state-level itemized deductions, other than medical, in addition to other methods to generate revenue.

All revenue generated as a result of this bill would be directed to tax relief. LB 314 would direct all revenue generated which is not otherwise directed into the Property Tax Credit Credit Cash Fund. Other revenue would be specifically directed to restoring the Allocated Income Tax rate for schools to the 20% included in the original introduction of the Tax Equity and Educational Opportunities Support Act (TEEOSA) in 1990, a key provision of property tax relief which has been omitted from Nebraska's state aid system for decades. It would also raise the reimbursement rate for special education from 51% to 80%, credit renters for their share of property tax relief, increase the Earned Income Tax Credit, and would direct a study of school funding in Nebraska in order to develop a long-term, economically and educationally responsible plan for Nebraska.

Principal Introducer: _____

Senator Tom Briese