

One Hundred Fourth Legislature - First Session - 2015

Introducer's Statement of Intent

LB357

Chairperson: Senator Mike Gloor

Committee: Revenue

Date of Hearing: February 18, 2015

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

LB 357 would reduce the individual and corporate income tax rates and would increase the amount of funds available in the Property Tax Credit Cash Fund.

The income tax rates would be reduced gradually over a period of eight years. The top individual rate would be reduced from the current rate of 6.84% to 5.92% in the year 2023. The bottom rate would be reduced from the current rate of 2.46% to 1.23%. The top corporate rate would be reduced from 7.81% to 6.41% and the bottom rate would be reduced from 5.58% to 4.54%.

Beginning in 2024, if actual General Fund net receipts for the most recently completed fiscal year exceed estimated General Fund net receipts, the Tax Commissioner shall reduce each rate by fifteen-hundredths percent. In no case shall the individual tax rates be reduced to less than 0% for bracket 1, 3.5% for bracket number 2, 5% for bracket 3 and 5% for bracket 4.

For the corporate income tax rate, the top rate shall not be reduced to less than 5% and the bottom rate shall not be reduced to less than 3.5%.

The bill calls for the transfer of \$20 million from the Cash Reserve to the General Fund on or before June 30, 2016 and the transfer of \$60 million from the Cash Reserve on or before June 30, 2017.

LB 357 calls for the transfer of \$40 million from the Cash Reserve to the Property Tax Credit Fund on or before December 15, 2015 and the transfer of \$40 million from the Cash Reserve to the Property Tax Credit Fund on or before December 15, 2016.

Principal Introducer: _____

Senator Jim Smith