

One Hundred Third Legislature - First Session - 2013

Introducer's Statement of Intent

LB227

Chairman: Senator Galen Hadley

Committee: Revenue

Date of Hearing: January 31, 2013

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

LB 227 would eliminate retirement income from state income taxation. The bill proposes a three-year phase-out of state taxation of retirement benefits. For taxable year 2014, Nebraskans would be taxed on only two-thirds of their total retirement income. For taxable year 2015, Nebraskans would be taxed on only one-third of their total retirement income. For all tax years beginning on January 1, 2016 and beyond, there would be no state income taxation of retirement income.

Retirement income is defined to include any public or private pension or retirement pay and would include, but not be limited to, income received as Social Security benefits, military pay, defined benefit or defined contribution plans, deferred compensation plans, annuities, individual retirement accounts, employer-provided pension plans, and plans maintained or contributed to by a self-employed person as an employer.

The purposes of this significant tax policy change are to stem the tide of retirees leaving the State of Nebraska and make our state's income tax policy on retirement pay competitive with other states.

Principal Introducer: _____

Senator Bill Kintner