

# **One Hundred Third Legislature - Second Session - 2014**

## **Introducer's Statement of Intent**

### **LB709**

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**Chairman: Senator Galen Hadley**

**Committee: Revenue**

**Date of Hearing: February 27, 2014**

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

LB 709 would eliminate military retirement pay from state income taxation for certain Nebraska tax filers. The exemption would be phased in over five years beginning on January 1, 2015 in twenty percent increments. For all taxable years beginning on January 1, 2019 and beyond, all military retirement pay would be excluded from state income tax for Nebraskans whose tax filing status is married filing jointly and whose federal adjusted gross income is below \$250,000. This exemption would also apply to all other tax filers whose federal adjusted gross income is below \$125,000.

Military retirement benefit is defined to mean retirement benefits that are periodic payments attributable to service in the uniformed services of the United States for personal services performed by an individual prior to retirement.

The purpose of this significant tax policy change is to retain military retirees who are leaving the State of Nebraska and to make our state's income tax policy on retirement pay competitive with other states.

**Principal Introducer:** \_\_\_\_\_

**Senator Bill Kintner**