

One Hundred Fourth Legislature - Second Session - 2016

Introducer's Statement of Intent

LB936

Chairperson: Senator Mike Gloor

Committee: Revenue

Date of Hearing: February 17, 2016

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

LB936 changes inheritance tax rates and exemption amounts. The current inheritance tax is an additional tax on income or property that has previously been taxed, and in the case of property, will continue to be taxed. The exemption amounts have not been adjusted with inflation and rise of real estate valuations.

Currently, first degree/immediate relatives (children, siblings, parents, grandparents) have inherited property exempted up to the first \$40,000 at the rate of 1%. (Nebraska Revised Statute 77-2004)

Second degree/remote relatives (aunts, uncles, nieces, nephews, etc.) have inherited property exempted up to the first \$15,000, and taxed at the rate of 13% (Nebraska Revised Statute 77-2005).

Non-relatives who inherit property have the first \$10,000 exempted, but the remainder is taxed at the rate of 18% (Nebraska Revised Statute 77-2006).

LB936 would do two things:

1. Grant each beneficiary an exemption of the first \$100,000 of value of the inheritance.
2. Tax all beneficiaries, regardless of relationship, at the same 1% of the remaining value level.

Principal Introducer: _____

Senator Laura Ebke