AMENDMENTS TO LB461

(Amendments to Final Reading copy)

Introduced by Smith, 14.

1. Strike section 20 and insert the following new section:

Sec. 20. Section 77-2715.01, Revised Statutes Cumulative Supplement, 2016, is amended to read:

77-2715.01 (1)(a) Commencing in 1987 the Legislature shall set the rates for the income tax imposed by section 77-2715 and the rate of the sales tax imposed by subsection (1) of section 77-2703. For taxable years beginning or deemed to begin before January 1, 2013, the rate of the income tax set by the Legislature shall be considered the primary rate for establishing the tax rate schedules used to compute the tax.

(b) The Legislature shall set the rates of the sales tax and income tax so that the estimated funds available plus estimated receipts from the sales, use, income, and franchise taxes will be not less than three percent nor more than seven percent in excess of the appropriations and express obligations for the biennium for which the appropriations are made. The purpose of this subdivision is to insure that there shall be maintained in the state treasury an adequate General Fund balance, considering cash flow, to meet the appropriations and express obligations of the state.

(c) For purposes of this section, express obligation shall mean an obligation which has fiscal impact identifiable by a sum certain or by an established percentage or other determinative factor or factors.

(2) The Speaker of the Legislature and the chairpersons of the Legislature's Executive Board, Revenue Committee, and Appropriations Committee shall constitute a committee to be known as the Tax Rate Review Committee. The Tax Rate Review Committee shall meet with the Tax Commissioner within ten days after July 15 and November 15 of each year.
and shall determine whether the rates for sales tax and income tax should be changed. In making such determination the committee shall recalculate the requirements pursuant to the formula set forth in subsection (1) of this section, taking into consideration the appropriations and express obligations for any session, all miscellaneous claims, deficiency bills, and all emergency appropriations. The committee shall prepare an annual report of its determinations under this section. The committee shall submit such report electronically to the Legislature and shall append the tax expenditure report required under section 77-382 and the revenue volatility report required under section 50-419.02.

In the event it is determined by a majority vote of the committee that the rates must be changed as a result of a regular or special session or as a result of a change in the Internal Revenue Code of 1986 and amendments thereto, other provisions of the laws of the United States relating to federal income taxes, and the rules and regulations issued under such laws, the committee shall petition the Governor to call a special session of the Legislature to make whatever rate changes may be necessary.

(3) Beginning in November 2019 and each November thereafter until the step 8 income tax rate reduction provided for in section 77-2715.03 is effective, the Tax Rate Review Committee shall examine the expected rate of growth in net General Fund receipts from the current fiscal year to the upcoming fiscal year, as determined by the Nebraska Economic Forecasting Advisory Board in its October forecast. If the expected rate of growth in net General Fund receipts is not at least three and fifty-two hundredths percent for the upcoming fiscal year, the Tax Rate Review Committee shall declare that the next income tax rate reduction step under section 77-2715.03 that was to begin for taxable years beginning or deemed to begin on or after the following January 1 will be deferred. When the Tax Rate Review Committee defers an income tax rate reduction step, the highest individual income tax rate established in section
77-2715.03 that was effective for the current year will remain in place.

If the Tax Rate Review Committee defers an income tax rate reduction step, the Tax Commissioner shall prepare tax tables as required in section 77-2715.03 and withholding tables as required in section 77-2753 reflecting no change in rates from the preceding tax year.

(4) Beginning in November 2019, if the expected rate of growth in net General Fund receipts, as determined under subsection (3) of this section, exceeds four percent for the upcoming fiscal year, the Tax Rate Review Committee shall declare that the corporate income tax rate under subdivision (1)(d) of section 77-2734.02 for income in excess of one hundred thousand dollars shall be reduced by two-tenths of one percent for taxable years beginning or deemed to begin on or after the following January 1, except that such rate shall not be reduced below 5.99 percent under this subsection.

(5) If the Tax Rate Review Committee defers an income tax rate reduction step under subsection (3) of this section, the Tax Commissioner and the Legislative Fiscal Analyst shall adjust the forecast provided by the Nebraska Economic Forecasting Advisory Board to reflect the deferral and certify the adjusted forecast to the Governor and the Legislature no later than five days following the meeting of the Tax Rate Review Committee. If the Tax Rate Review Committee declares a corporate income tax rate reduction under subsection (4) of this section, the Tax Commissioner and the Legislative Fiscal Analyst shall adjust the forecast provided by the Nebraska Economic Forecasting Advisory Board to reflect the reduction and certify the adjusted forecast to the Governor and the Legislature no later than five days following the meeting of the Tax Rate Review Committee.

(6) Beginning in November 2019, if the expected rate of growth in net General Fund receipts, as determined under subsection (3) of this section, exceeds four and fifty-two hundredths percent for the upcoming fiscal year, the Tax Rate Review Committee shall declare a property tax
credit increase for the next property tax year. If the Tax Rate Review
Committee declares a property tax credit increase, the State Treasurer
shall transfer twenty million dollars from the General Fund to the
Property Tax Credit Cash Fund on or before the second March 15 following
the declaration, as directed by the budget administrator of the budget
division of the Department of Administrative Services.