

AMENDMENTS TO LB461

(Amendments to Final Reading copy)

Introduced by Smith, 14.

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

2           Sec. 20. Section 77-2715.01, Revised Statutes Cumulative Supplement,  
3   2016, is amended to read:

4           77-2715.01 (1)(a) Commencing in 1987 the Legislature shall set the  
5   rates for the income tax imposed by section 77-2715 and the rate of the  
6   sales tax imposed by subsection (1) of section 77-2703. For taxable years  
7   beginning or deemed to begin before January 1, 2013, the rate of the  
8   income tax set by the Legislature shall be considered the primary rate  
9   for establishing the tax rate schedules used to compute the tax.

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

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

22          (2) The Speaker of the Legislature and the chairpersons of the  
23   Legislature's Executive Board, Revenue Committee, and Appropriations  
24   Committee shall constitute a committee to be known as the Tax Rate Review  
25   Committee. The Tax Rate Review Committee shall meet with the Tax  
26   Commissioner within ten days after July 15 and November 15 of each year

1 and shall determine whether the rates for sales tax and income tax should  
2 be changed. In making such determination the committee shall recalculate  
3 the requirements pursuant to the formula set forth in subsection (1) of  
4 this section, taking into consideration the appropriations and express  
5 obligations for any session, all miscellaneous claims, deficiency bills,  
6 and all emergency appropriations. The committee shall prepare an annual  
7 report of its determinations under this section. The committee shall  
8 submit such report electronically to the Legislature and shall append the  
9 tax expenditure report required under section 77-382 and the revenue  
10 volatility report required under section 50-419.02.

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

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

1 77-2715.03 that was effective for the current year will remain in place.  
2 If the Tax Rate Review Committee defers an income tax rate reduction  
3 step, the Tax Commissioner shall prepare tax tables as required in  
4 section 77-2715.03 and withholding tables as required in section 77-2753  
5 reflecting no change in rates from the preceding tax year.

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

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

28 (6) Beginning in November 2019, if the expected rate of growth in  
29 net General Fund receipts, as determined under subsection (3) of this  
30 section, exceeds four and fifty-two hundredths percent for the upcoming  
31 fiscal year, the Tax Rate Review Committee shall declare a property tax

1 credit increase for the next property tax year. If the Tax Rate Review  
2 Committee declares a property tax credit increase, the State Treasurer  
3 shall transfer twenty million dollars from the General Fund to the  
4 Property Tax Credit Cash Fund on or before the second March 15 following  
5 the declaration, as directed by the budget administrator of the budget  
6 division of the Department of Administrative Services.