

ONE HUNDRED EIGHTH LEGISLATURE - FIRST SESSION - 2023
COMMITTEE STATEMENT (CORRECTED)
LB754

Hearing Date: Thursday February 02, 2023
Committee On: Revenue
Introducer: Linehan
One Liner: Reduce individual and corporate income tax rates

Roll Call Vote - Final Committee Action:
Advanced to General File with amendment(s)

Vote Results:

Aye:	7	Senators Albrecht, Bostar, Briese, Kauth, Linehan, Murman, von Gillern
Nay:	1	Senator Dungan
Absent:		
Present Not Voting:		

Testimony:

Proponents:

Senator Lou Ann Linehan
Jim Pillen
Mark McHargue
Michael Lucci
Jim Greisch
Brian Klintworth
Bob Halstrom

Jessica Shelburn

Representing:

Legislative District 39
Governor of Nebraska
Nebraska Farm Bureau, Nebraska State Dairy Association
Platte Institute
Omaha Chamber, Blue Print Nebraska, State Chamber
Lincoln Chamber of Commerce
Nebraska Bankers Association, NATL Federation of
Independent Bankers
Americans for Prosperity Nebraska

Opponents:

Rebecca Firestone

Representing:

OpenSky Policy

Neutral:

Representing:

* ADA Accommodation Written Testimony

Summary of purpose and/or changes:

LB 754 amends the individual top tier tax rate incrementally reducing the same annually and ultimately to 3.99 percent by the 2027 tax year and thereafter. It also incrementally reduces the corporate tax rate annually until it is reduced to 3.99 percent by 2027 and thereafter.

January 1, 2024 through January 1, 2025 - 5.84%
January 1, 2025 through January 1, 2026 - 5.20%
January 1, 2026 through January 1, 2027 - 4.55%

Explanation of amendments:

AM 906 incorporates the provisions of six other related bills into LB 754: LB 38, LB 173 (As amended by AM 836 and a Make it so amendment to change number of days from 30 to 15), LB 318 (As amended by AM 355 and AM 292), LB 492, LB 497, LB 641 (As amended by AM 155), and AM 162 to LB 754

The Committee voted to adopt AM 906 on a 7-1 vote.

LB 38 as amended by AM 155 seeks to allow an individual to reduce his or her federal adjusted gross income (FAGI) by the amounts received as annuities under the Federal Employees Retirement System or the Civil Service Retirement System which were earned for being employed by the federal government. This reduction would commence for taxable years beginning or deemed to begin on or after January 1, 2024.

Motion to Include LB 38 as part of AM 906:

Voting Results: 8-0-0-0

Voting Aye: Senators Albrecht, Bostar, Briese, Dungan, Kauth, Linehan, Murman, von Gillern

Voting Nay: None

Testifiers on LB 38:

Proponents:

Senator Carol Blood, Legislative District 3

Harold Klaege, NARF

Cindy Hall, Self

Dennis Schroeder, Self

Craig Derickson, Self

Jim Culver, Self

Opponents:

None

Neutral:

None

LB 173, as amended by AM 836 and committee adopted "make it so" amendment, provides that non-resident income connected to a business or service within the state that could have been performed within the state other than for the individuals convenience will be includable in taxable income provided that the individual worked more than 15 days in the state of Nebraska during the taxable year. It provides for a three factor test to determine if compensation is not includable. First, if compensation was paid and the individual was not present in the state for more than 15 days. Second, the taxpayer performed employment duties in more than one state. Third, the compensation is not paid for services as a professional athlete, professional entertainer, or public figure.

Motion to Include LB 173 as part of AM 906:

Voting Results: 8-0-0-0

Voting Aye: Senators Albrecht, Bostar, Briese, Dungan, Kauth, Linehan, Murman, von Gillern

Voting Nay: None

Testifiers on LB 173:

Proponents:

Senator Elliot Bostar, Legislative District 29

Susan Lewis, Mutual of Omaha. Greater Omaha Chamber of Commerce, Nebraska Chamber of Commerce, Nebraska

Insurance Federation, Lincoln Chamber of Commerce
John Oliver, Inter Public Group of Companies
Nicole Fox, Platte Institute
Bryan Slone, Nebraska Chamber

Opponents:

None

Neutral:

Joe Bishop-Henchman, National Taxpayers Union Foundation
Andrew Wilford, National Taxpayers Union Foundation

LB 318, as amended by AM 355 and AM 292, creates the Child Care Tax Credit Act. The Act affords eligible parents or guardians a tax credit against tax imposed for qualified individuals whose child receives qualified care, is enrolled in child care subsidy, or the household income is below 100 percent of the federal poverty level. The amount of the credit available is based upon the taxpayers total household income: \$2,000 for individuals with household income less than \$75,000 and \$1,000 for individuals with household income greater than \$75,000 but under \$150,000. It also provides a credit for taxpayers making qualified contributions to establish or operate qualified programs for child care. The credit is for 100 percent of the contribution up to \$100,000 if the contribution is to an eligible program or 75 percent if the contribution does not qualify for the 100 percent credit. This credit is limited to tax owed and can be carried forward 5 years. Finally, it amends NRS 27-3604 to increase the credits available to employees of qualified programs and to qualified organizations offering qualified services to the following for tax years 2024 and after:

Organizations	Eligible Employees
Level 1 \$400	Level 1 \$2,300
Level 2 \$600	Level 2 \$2,600
Level 3 \$800	Level 3 \$2,900
Level 4 \$1,000	Level 4 \$3,200
Level 5 \$1,200	Level 5 \$3,500

Motion to Include LB 318 as part of AM 906:

Voting Results: 7-0-0-1

Voting Aye: Senators Albrecht, Bostar, Briese, Dungan, Kauth, Linehan, von Gillern

Voting Nay: None

Present Not Voting: Senator Murman

Testifiers on LB 318:

Proponents:

Senator Eliot Bostar, Legislative District 29

Elizabeth Everett, First Five Nebraska

Andrew Dunkley, Nebraska Farm Bureau, Nebraska Cattlemen, Nebraska Pork Producers

Tom Venzer, Nebraska Catholic Conference

Diane Stinton, Nebraska Chamber of Commerce, Lincoln Chamber of Commerce, Omaha Chamber of Commerce, Columbus Chamber of Commerce, Nebraska Economic Development Association

Maghie Miller Jenkins, Self

Alec Goryaski, Lincoln Community Foundation

Anne Brandt, Lincoln Littles

Dexter Schrodt, Nebraska Independent Community Bankers

Opponents:

None

Neutral:

None

LB 492 amends NRS 77-2701 and 77-2716 to allow income tax deductions for the cost of certain property and for certain research and experimental expenditures. Specifically for the cost of expenditures for business assets that are qualified property or qualified improvement property and for research or experimental expenditures.

Motion to Include LB 492 as part of AM 906:

Voting Results: 8-0-0-0

Voting Aye: Senators Albrecht, Bostar, Briese, Dungan, Kauth, Linehan, Murman, von Gillern

Voting Nay: None

Testifiers on LB 492:

Proponents:

Senator Brad von Gillern, Legislative District 4

Nicole Fox, Platte Institute

Bryan Slone, Nebraska Chamber of Commerce and Industry, Greater Omaha Chamber, Lincoln Chamber of Commerce

Adam Feser, Nebraska Cooperative Council

Opponents:

None

Neutral:

None

LB 497 amends NRS 77-2716.01 to change the provisions relating to itemized deductions for tax years after January 1, 2022. Specifically, it provides that an individual can deduct from their federal adjusted gross income the greater of the exception provided for or their federal itemized deductions plus the total amount of state and local property taxes they paid.

Motion to Include LB 497 as part of AM 906:

Voting Results: 6-0-0-2

Voting Aye: Senators Albrecht, Briese, Kauth, Linehan, Murman, von Gillern

Voting Nay: None

Present Not Voting: Senators Bostar, Dungan

Testifiers on LB 497:

Proponents:

Senator Lou Ann Linehan, Legislative District 39

Bob Hallstrom, National Federation of Independent Business

Jeffery R Schaffary, Omaha Chamber of Commerce, Nebraska Chamber of Commerce

Opponents:

None

Neutral:

None

LB 641, as amended by AM 155, increases percentages of social security benefits included in an individual's federal adjusted gross income (AGI) that are allowed to be reduced from the federal AGI for purposes of Nebraska income tax. The percentage is set to increase each year until 100% of social security benefits are deductible.

- Jan 1, 2023 to Jan 1, 2024: 60%

- Jan 1, 2024 and after: 100%

Motion to Include LB 641 as part of AM 906:

Voting Results: 8-0-0-0

Voting Aye: Senators Albrecht, Bostar, Briese, Dungan, Kauth, Linehan, Murman, von Gillern

Voting Nay: None

Testifiers on LB 641:

Proponents:

Senator Kathleen Kauth, Legislative District 31

Lee Will, DAS Budget

Dr. Deloris Tonack, NSEA - Retired

David Holmquist, AARP

John K. Hansen, Nebraska Farmers Union

Opponents:

Joey Adler Ruane, OpenSky Policy Institute

Neutral:

None

Lou Ann Linehan, Chairperson