

One Hundred Ninth Legislature - First Session - 2025

Introducer's Statement of Intent

LB468

Chairperson: Senator R. Brad von Gillern

Committee: Revenue

Date of Hearing: February 05, 2025

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

LB468 aims to lower Nebraska's inheritance tax and make it fairer. It will drop the Class 2 and Class 3 inheritance tax rates to 1% and increase exemptions to \$100,000 making all classes identical.

Currently, beneficiaries pay one of three drastically different rates, depending upon their relation to the deceased:

Class 1: Children, Parents, Siblings pay 1% after a \$100,000 exemption.

Class 2: Nieces/Nephews, Aunts/Uncles pay 11% after a \$40,000 exemption.

Class 3: Non-relatives pay 15% after a \$25,000 exemption.

Due to our double-digit Class 2 and 3 rates, 38% of inheritance tax is paid by 12% of beneficiaries.

Nebraska remains one of only five states that still collect inheritance tax, which include Kentucky, Pennsylvania, New Jersey, and Maryland. Iowa ended its inheritance tax on Jan 1, 2025. Nebraska is the only state where inheritance tax revenue goes exclusively to the counties.

LB 468 replaces the inheritance tax revenue lost by counties due to the lower rates. The bill includes the following 10 changes to county revenue sources:

1. County Motor Vehicle Tax Administration Fee increase from 1% to 2% to cover the costs of administering collections.
2. Insurance Premium Tax: Counties will receive an additional 10%.
3. Securities Act Cash Fund- Counties will receive \$5M/yr.
4. (Train) Car Line Tax allocated 100% to the county, aligning it with the Airline Distribution Method.
5. Nameplate Capacity Tax- an increase of rates from \$3518/MW to \$6560/MW, to reflect the 4.55% average yearly property tax growth since 2011.
6. Doc Stamp tax: \$.35 reallocation and \$.50 increase.
7. to 10. NACO Recommended increases to cover the true cost of fees for: Marriage Licenses, Real Property Advertising, Motor Vehicle Inspection, and Distressed Warrants.

LB 468 also removes sale tax exemptions for data centers and the Modernization Tier in ImagiNE.

Principal Introducer: _____

Senator Robert Clements