Introduced by Brewer, 43; La Grone, 49.

Read first time January 08, 2020

Committee: Revenue

THE MEMBERS OF THE ONE HUNDRED SIXTH LEGISLATURE OF NEBRASKA, SECOND
SESSION, RESOLVE THAT:

Section 1. At the general election in November 2020, the following
proposed amendment to the Constitution of Nebraska shall be submitted to
the electors of the State of Nebraska for approval or rejection:

To amend Article VIII, section 1, and Article VIII, section 1B:

VIII-1 The necessary revenue of the state and its governmental
subdivisions shall be raised by taxation in such manner as the
Legislature may direct. Notwithstanding Article I, section 16, Article
III, section 18, or Article VIII, section 4, of this Constitution or any
other provision of this Constitution to the contrary: (1) Taxes shall be
levied by valuation uniformly and proportionately upon all real property
and franchises as defined by the Legislature except as otherwise provided
in or permitted by this Constitution; (2) tangible personal property, as
defined by the Legislature, not exempted by this Constitution or by
legislation, shall all be taxed at depreciated cost using the same
depreciation method with reasonable class lives, as determined by the
Legislature, or shall all be taxed by valuation uniformly and
proportionately; (3) the Legislature may provide for a different method
of taxing motor vehicles and may also establish a separate class of motor
vehicles consisting of those owned and held for resale by motor vehicle
dealers which shall be taxed in the manner and to the extent provided by
the Legislature and may also establish a separate class for trucks,
trailers, semitrailers, truck-tractors, or combinations thereof, consisting of those owned by residents and nonresidents of this state, and operating in interstate commerce, and may provide reciprocal and proportionate taxation of such vehicles. The tax proceeds from motor vehicles taxed in each county shall be allocated to the county and the cities, villages, and school districts of such county; (4) the Legislature may provide that agricultural land and horticultural land, as defined by the Legislature, shall constitute a separate and distinct class of property for purposes of taxation and may provide for a different method of taxing agricultural land and horticultural land which results in values that are not uniform and proportionate with all other real property and franchises but which results in values that are uniform and proportionate upon all property within the class of agricultural land and horticultural land; (5) the Legislature may enact laws to provide that the value of land actively devoted to agricultural or horticultural use shall for property tax purposes be that value which such land has for agricultural or horticultural use without regard to any value which such land might have for other purposes or uses; (6) the Legislature may prescribe standards and methods for the determination of the value of real property at uniform and proportionate values; (7) in furtherance of the purposes for which such a law of the United States has been adopted, whenever there exists a law of the United States which is intended to protect a specifically designated type, use, user, or owner of property or franchise from discriminatory state or local taxation, such property or franchise shall constitute a separate class of property or franchise under the laws of the State of Nebraska, and such property or franchise may not be taken into consideration in determining whether taxes are levied by valuation uniformly or proportionately upon any property or franchise, and the Legislature may enact laws which statutorily recognize such class and which tax or exempt from taxation such class of property or franchise in such manner as it determines; and (8) the Legislature may
provide that livestock shall constitute a separate and distinct class of property for purposes of taxation and may further provide for reciprocal and proportionate taxation of livestock located in this state for only part of a year. Each actual property tax rate levied for a governmental subdivision shall be the same for all classes of taxed property and franchises. Taxes uniform as to class of property or the ownership or use thereof may be levied by valuation or otherwise upon classes of intangible property as the Legislature may determine, and such intangible property held in trust or otherwise for the purpose of funding pension, profit-sharing, or other employee benefit plans as defined by the Legislature may be declared exempt from taxation. Taxes other than property taxes may be authorized by law, except as provided in Article VIII, section 1B, of this Constitution. Existing revenue laws shall continue in effect until changed by the Legislature.

VIII-1B (1) When an income tax is adopted by the Legislature, the Legislature may adopt an income tax law based upon the laws of the United States.

(2) The State of Nebraska shall be prohibited from imposing an income tax for all taxable years beginning or deemed to begin on or after January 1, 2024.

(3) In order to comply with subsection (2) of this section, the Legislature shall eliminate the income tax over a four-year period as follows:

(a) For taxable years beginning or deemed to begin on or after January 1, 2021, and before January 1, 2022, income tax rates shall be reduced to seventy-five percent of their pre-adjustment level;

(b) For taxable years beginning or deemed to begin on or after January 1, 2022, and before January 1, 2023, income tax rates shall be reduced to fifty percent of their pre-adjustment level;

(c) For taxable years beginning or deemed to begin on or after January 1, 2023, and before January 1, 2024, income tax rates shall be
reduced to twenty-five percent of their pre-adjustment level; and

(d) For taxable years beginning or deemed to begin on or after January 1, 2024, no income tax shall be imposed.

(4) For purposes of this section, pre-adjustment level means the income tax rates in effect immediately prior to the reduction required in subdivision (3)(a) of this section.

Sec. 2. The proposed amendment shall be submitted to the electors in the manner prescribed by the Constitution of Nebraska, Article XVI, section 1, with the following ballot language:

A constitutional amendment to prohibit the state from imposing an income tax for all taxable years beginning or deemed to begin on or after January 1, 2024, and to require the Legislature to eliminate the income tax over a four-year period.

For

Against.