

COMMITTEE STATEMENT  
LB 401

HEARING DATE: FEBRUARY 7, 1997

COMMITTEE ON: REVENUE

TITLE: LB 401 (Warner, Hilgert, Witek, Dw. Pedersen. Will, at the request of the Governor) Change rate multipliers and the percentage of income tax revenue allocated to school districts

ROLL CALL VOTE, FINAL COMMITTEE ACTION

Advanced to General File

X Advanced to General File with amendments

Indefinitely Postponed

Vote results:

8 Yes SENATORS COORDSEN, HARTNETT, KRISTENSEN, LANDIS, SCHELLPEPER,  
WARNER, WICKERSHAM AND WILL

0 Present. not voting

0 Absent

PROPOSERS

SENATOR JEROME WARNER

GOVERNOR E. BENJAMIN NELSON

BERRI BALKA

MAXINE MOUL

DENNIS LAUVER

DAVE HEINEMAN

MIKE BACON

KELLY HOLTHUS

DAN FISHER

N. P. DODGE, JR.

JOHN JORDISON

BOB CARHART

AL WENSTRAND

FRANK HILSABECK

Representing

INTRODUCER

DEPARTMENT OF REVENUE

DEPT. OF ECONOMIC DEVELOPMENT

SO. SIOUX CITY CHAMBER OF COMM. &

NEBRASKA ECONOMIC DEVEL. ASSN.

STATE TREASURER

NEBRASKA DIPLOMATS

NE CHAMBER OF COMM. & INDUSTRY

OMAHA CHAMBER

NE TAX RESEARCH COUNCIL

NEBRASKA DIPLOMATS

SARPY CO. ECON. DEVEL. CORP.

LINCOLN CHAMBER OF COMMERCE

OPPOSERS

Representing

NEUTRAL

Representing

Summary of purpose and/or changes:

LB 401 WOULD AMEND SECTION 77-2715.02 TO DECREASE THE BRACKET FACTORS, AND THUS LOWER THE INDIVIDUAL INCOME TAX RATES FOR INDIVIDUAL INCOME TAX PAYERS.

THE REDUCTIONS WOULD RESULT IN DECREASES IN RATES AS FOLLOWS:

BRACKET	PRESENT RATE	LB 401	% DECREASE
A	2.62%	2.49%	5.0
B	3.65%	3.47%	4.9
C	5.24%	5.00%	4.6
D	6.99%	6.65%	4.9

SECTION 2AMENDS SECTION 79-1031 TO INCREASE THE PERCENTAGE OF INCOME TAX ALLOCATION WHICH IS TO BE APPROPRIATED TO THE SCHOOL DISTRICTS OF RESIDENCE FROM 20 PERCENT TO 21.2 PERCENT.

THE INCOME TAX SECTIONS ARE TO BE OPERATIVE FOR ALL TAXABLE YEARS BEGINNING ON OR AFTER JANUARY 1. 1997 AND THE SCHOOL FINANCE SECTIONS ARE TO BE OPERATIVE ON JULY 1. 1998.

Explanation of Amendments. if any:

THE COMMITTEE AMENDMENTS STRIKE THE ORIGINAL PROVISIONS AND MAKE THE FOLLOWING CHANGES:

1) DECREASE THE RATE CUT AS SET OUT BELOW:

BRACKET	PRESENT RATE	LB 401 AS AMENDED	% DECREASE
A	2.62%	2.55%	2.7
B	3.65%	3.55%	2.7
C	5.24%	5.11%	2.5
D	6.99%	6.81%	2.6

THE RATE CUTS CONSIDERED ALONE WOULD RESULT IN AN AVERAGE OF A 3 PERCENT REDUCTION IN TAX LIABILITY. THE RATE CUTS WOULD BE FOR TWO YEARS. TAXABLE YEARS 1997 AND A998, AND 2) AMEND SECTION 77-2716.01 TO INCREASE THE PERSONAL EXEMPTION CREDIT FROM \$76 TO \$96 FOR TAX YEAR 1997, AND FROM \$78 TO \$98 FOR TAX YEAR 1998. BEGINNING IN 1999, THE CREDIT INCREASE WOULD NO LONGER BE OPERATIVE AND THE CREDIT WOULD BE THE 1993 \$65 NOT ADJUSTED UPWARD FOR INFLATION SINCE 1993.

SENATOR JEROME WARNER,  
Chairperson