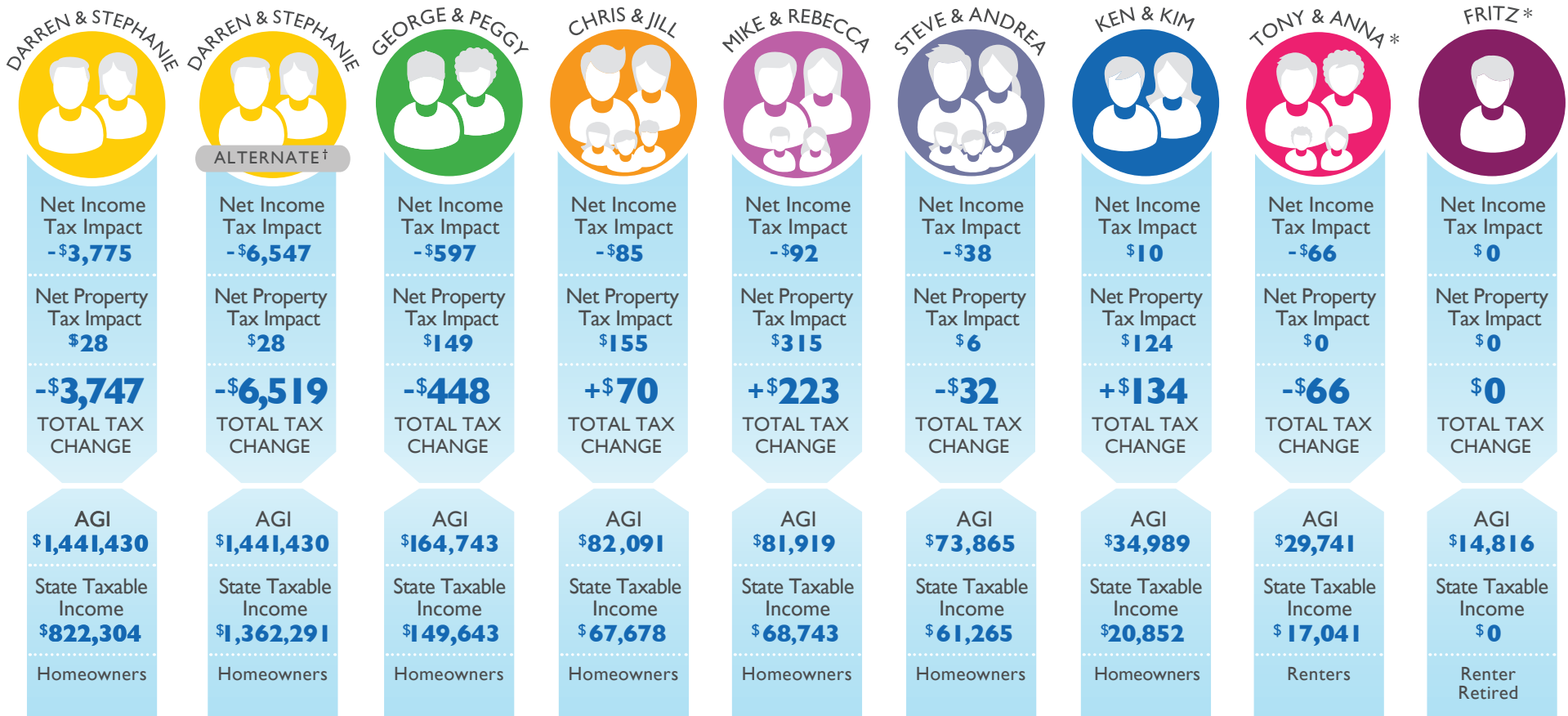


# LB 461 - The Revenue Committee tax package

Below is a chart to show how the tax changes proposed in LB 461 would affect our Real Taxpayers of Nebraska. LB 461 would reduce the state's top personal and corporate income tax rates to 5.99 percent using revenue triggers. It contains an increase in the state's Earned Income Tax Credit, a phase-out of the personal exemption credit for high income taxpayers, a new nonrefundable credit for some low-income taxpayers, and it eliminates two other tax credits. LB 461 also limits the annual statewide valuation growth of agricultural land to 3.5 percent and replaces valuation of land based on market value with a system based upon income potential. However, it specifies that the value still must fall between 55 percent and 65 percent of actual value. This reduction in valuation would likely result in levy increases by local governments to make up for the lost revenue. While some agricultural land owners might see property tax reductions under LB 461, many residential and commercial property owners would see their property taxes increase.



\* These taxpayers rent their housing.

† Darren and Stephanie qualify for Nebraska's S-Corp exclusion, which allows them to write off income gained from S corporations or LLCs that aren't connected to Nebraska. "Alternate" Darren and Stephanie illustrate LB 461's effect should all of their income be taxed like wage income.

AGI stands for "Adjusted Gross Income," which is income before credits and deductions are applied. State Taxable Income is income after deductions are applied. Tax changes account for federal deductibility of state income taxes. Based on the property taxes they pay, our analysis assumes that any income our real taxpayers have from farming operations is from renting the land they farm on and that our taxpayers do not own any agricultural land.

Learn more about our "Real Taxpayers of Nebraska" at [www.openskypolicy.org/the-real-taxpayers-of-nebraska](http://www.openskypolicy.org/the-real-taxpayers-of-nebraska)