



## **Strong Roots Nebraska: A Christmas Present for the Bottom Bracket** **By Dick Clark**

As Christmas trees glow from behind living room windows and parents finish their holiday shopping, discussion of state tax policy may seem like something that is not exactly seasonal. The deadline for filing income tax returns is months away. Now is a time to celebrate faith and family, and to focus on the joys that they bring. However, for many families, the state tax burden and not misbehaving children could be the factor that makes the difference between a Christmas morning chock-full of presents and one with just a lump of coal.

In the ongoing conversation about Nebraska tax reform, opponents of income tax relief often argue that it offers little to benefit low-income earners. While it is true that an individual with a lower income will realize a more modest tax savings than an earner at the higher end of the income spectrum, this does not mean that income tax relief does not help these workers. Because tax relief grinchers fail to recognize that each dollar is more precious for workers who have fewer dollars to begin with, the meaningfulness of tax relief for the lowest state income tax bracket is often understated.

For tax year 2014, an individual who works full time at an hourly wage of \$9 would earn a gross income of approximately \$18,720. For a single person supporting one or more dependents, a \$9,100 standard deduction for heads of household would apply, leaving \$9,620 of taxable income.<sup>1</sup> Under current Nebraska law, the first \$5,599 of the income remaining after taking the standard deduction would currently be subject to an income tax rate of 2.46 percent.<sup>2</sup> Eliminating this bottom-bracket tax liability as proposed by the Platte Institute's [Strong Roots Nebraska](#) plan would mean relieving a single parent of \$137 in tax liability. For a married couple filing jointly, the savings would be slightly higher, at \$148.

On Christmas morning, that modest sum of money can go a long way. It could mean that a family will be able to buy toys and stocking stuffers for the kids, or clothing and other necessities. Parents might even be able to afford to take an extra day off from work to enjoy

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<sup>1</sup> This calculated amount does not take into account any additional deduction for advanced age or blindness or any tax exemptions that may be available in certain cases.

<sup>2</sup> See "Standard Deduction Table: Tax Year 2014." Nebraska Department of Revenue. August 2014.

precious time with their children. The same savings might mean that a holiday road trip to see a far-flung grandparent would be something that the family budget could accommodate.

The impact of the savings could extend far beyond a holiday celebration, too. For the \$9 per hour worker, the savings from eliminating taxation of the bottom tax bracket might mean that a worker seeking to advance in a career can purchase slacks and a collared shirt to prepare for a job interview. The same savings could pay the fees for a whole soccer season for a youth player, plus cleats and shin guards, or for hours of private tutoring support for a young student who needs the extra instruction and encouragement.

The fact is that tax relief for all taxpayers would make a real difference in the lives of Nebraskans. The Strong Roots Nebraska plan proposes tax relief across all income tax brackets. These incremental reductions in tax burden will lay the economic foundation for a Nebraska that offers more opportunities for families that are struggling to find a piece of the good life for themselves. That is a holiday wish that should make the list for every lawmaker in Lincoln.

*To read more about the Strong Roots Nebraska plan for tax relief done the Nebraska way, visit [StrongRootsNebraska.org](http://StrongRootsNebraska.org).*