



# PlatteChat

AN ONGOING CONVERSATION ABOUT HOW TO BEST PRESERVE FREE ENTERPRISE,  
PERSONAL RESPONSIBILITY AND LIMITED GOVERNMENT IN NEBRASKA.

Platte  
INSTITUTE  
for economic research



Wednesday, June 5<sup>th</sup> marked the end of the 2013 legislative session. Throughout the session, the Platte Institute played an instrumental role by providing lawmakers, media, and the general public with high-quality research, expert testimony, and other educational materials that promote the principles of limited government, free enterprise, and personal responsibility. The Platte Institute played a key role in the following bills:

## **LB 125 - Reform the OPS School Board (Senator Scott Lautenbaugh)**

**Status:** Signed into law

This law changes membership provisions for Class 5 school districts, particularly in Douglas County, by reducing the Omaha Public School Board from 12 to 9 members, and shifting school board elections to spring to coincide with Omaha municipal elections.

## **LB 296 - Change provisions of the educational savings plan relating to income tax reductions and participation agreements (Senator Galen Hadley)**

**Status:** Signed into law

This law allows higher tax deductions for Nebraskans making contributions to a Nebraska College Savings Program account. Currently, contributions to a Nebraska College Savings Program account are exempt from state income tax up to \$2,500 for a married person filing separately and \$5,000 for a married couple filing jointly. The law will increase the exempt contribution to \$5,000 for a married person filing separately and \$10,000 for a married couple filing jointly.

## **LB 308 - Change provisions relating to the federal alternative minimum tax and net operating losses and capital losses (Senator Paul Schumacher)**

**Status:** Signed into law

This law changes the income tax structure by eliminating the federal alternative minimum tax calculation for taxable years beginning Jan. 1, 2014. The Federal credit for the prior alternative minimum tax year would also be eliminated for taxable years 2014 and beyond. This will ease that tax burden on taxpayers and businesses across the state.

**LB 429 - Require disclosure of state contracts (Senator Sue Crawford)**

**Status:** Signed into law

This law requires that all active state contracts with every agency, board, commission, and department using state funds become publicly available and searchable online through the State Treasurer's office and the Department of Administrative Services. The contracts can be searched by vendor, agency, and dollar amount. The Platte Institute will continue to promote efforts that increase government transparency and accountability.

**LB 561 - State findings and intent for changes to the Juvenile Justice System and funding mechanism (Senator Brad Ashford)**

**Status:** Signed into law

This law updates the juvenile justice system to focus on rehabilitation through alternative strategies to prevent detention with the goal to rehabilitate juvenile offenders to reduce recidivism and prevent juvenile offenders from entering the adult criminal system. The Platte Institute's policy study, "*Right-Sizing the Cornhusker State's Juvenile Justice System*," was helpful in the creation of this bill.

**LB 573 - Change provisions relating to an adjustment to income for certain capital gains and extraordinary dividends (Senator Burke Harr)**

**Status:** Signed into law

This law designates an employee stock ownership plan (ESOP) as a qualified corporation, allowing its individual shareholders to exclude dividends and capital gains from their taxable income. Any participant in the ESOP who must redeem their stock when they retire can now claim the exclusion from taxable income for all distributions received from the ESOP. This will be especially helpful to employee-owned businesses by giving them necessary tax relief which promote additional investment.

**AM 1484 (Senator Ernie Chambers) an Amendment to LB 104 (Senator Steve Lathrop)**

**Status:** Signed into law

The amendment to LB 104 will protect Omaha taxpayers from an additional sales tax increase by lowering the local option sales tax cap from 2 percent to 1.5 percent. In March, the Platte Institute released a [Platte Chat](#) in support of Senator Chamber's efforts to restrict the local option sales. —

**LB 577 - Change Provisions Relating to the Medical Assistance Program (Senator Kathy Campbell)**

**Status:** Legislation blocked

This bill would have allowed the state to adopt the Patient Protection and Affordable Care Act (PPACA). The defeat of this bill will save Nebraska taxpayer millions of dollars over the next few decades. The Platte Institute worked hard to provide testimony and educate the public through grassroots and media outreach. However, proponents have warned they plan to introduce this bill in the 2014 legislative session.

### **Elimination of the Income Tax**

Although not supportive of the funding mechanism, the Platte Institute put considerable resources into the Governor's plan to eliminate Nebraska's individual and corporate income taxes. Although reservations existed regarding business-to-business taxation included in the funding, the concept would have been an advantageous step forward for the state. Despite the bill failing to pass through committee, it sparked debate over changes to Nebraska's decades' old tax system. The Platte Institute will continue its efforts throughout the remainder of the year with our goal of easing the tax burden on the citizens of Nebraska.

