

Income and Property Tax Relief – LB873



The largest tax cut in Nebraska history, **LB873**:

- Reduces individual and corporate income tax top rates down over 5 years to 5.84%,
- Offers income tax credits for property taxes paid to community colleges,
- Boosts total income tax credits available for property taxes paid to schools, and
- Completely phases out income taxes on social security income.

In total the bill will provide almost \$1 billion dollars in income tax relief when fully phased in.

Individual Income Tax Relief	
Reduces the top individual income tax rate from 6.84% to 5.84% by 2027.	
Tax year 2023 – Top individual rate 6.64%	\$65.5 million in tax relief
Tax year 2024 – Top individual rate 6.44%	\$130.7 million in tax relief
Tax year 2025 – Top individual rate 6.24%	\$212 million in tax relief
Tax year 2026 – Top individual rate 6.0%	\$299.9 million in tax relief
Tax year 2027 – Top individual rate 5.84%	\$434.3 million in tax relief

Business (Corporate) Income Tax Relief	
Reduces the top corporate income tax rate from 7.5% to 5.84% by 2027.	
Tax year 2023 – Top corporate rate 7.25%	\$5 million in tax relief
Tax year 2024 – Top corporate rate 6.5%	\$23.2 million in tax relief
Tax year 2025 – Top corporate rate 6.24%	\$48.3 million in tax relief
Tax year 2026 – Top corporate rate 6.0%	\$69 million in tax relief
Tax year 2027 – Top corporate rate 5.84%	\$84 million in tax relief

Social Security Income Tax Relief	
Phases out income taxes on social security income by 2025 by excluding it from adjusted gross income.	
Tax year 2022 – 40% exclusion	\$40.8 million in tax relief
Tax year 2023 – 60% exclusion	\$44.6 million in tax relief
Tax year 2024 – 80% exclusion	\$59.5 million in tax relief
Tax year 2025 – 100% exclusion	\$70 million in tax relief

Income Tax Credits for Community College Property Taxes Paid	
Creates a refundable income tax credit for community college property taxes paid.	
Tax year 2022	\$50 million in tax relief
Tax year 2023	\$100 million in tax relief
Tax year 2024	\$125 million in tax relief
Tax year 2025	\$150 million in tax relief
Tax year 2026	\$195 million in tax relief
Tax year 2027 and Beyond	Prior year plus allowable growth rate

Income Tax Credits for School Property Taxes Paid	
Increases the total amount of income tax credits available for school property taxes paid.	
Tax year 2022	\$548 million in tax relief
Tax year 2023	\$560.7 million in tax relief
Tax year 2024 and Beyond	Prior year plus allowable growth rate