



**Hundredth Legislature - First Session - 2007
Committee Statement
LB 456**

Hearing Date: January 25, 2007
Committee On: Revenue

Introducer(s): (White)

Title: Provide an income tax credit for shareholders of subchapter S financial institutions

Roll Call Vote – Final Committee Action:

- Advanced to General File
 - X Advanced to General File with Amendments
 - Indefinitely Postponed
-

Vote Results:

7	Yes	Senators Cornett, Dierks, Janssen, Langemeier, Preister, Raikes and White
0	No	
0	Present, not voting	
1	Absent	Senator Burling

Proponents:

Senator Tom White
Mark Hesser
John Cederberg
Carl Sjulín
Robert J. Hallstrom
Kurt Yost

Representing:

Introducer
Pinnacle Bank
Pinnacle Bank
West Gate Bank
Nebraska Bankers Association
Nebraska Independent Community Bankers

Opponents:

None

Representing:

Neutral:

Brandon Luetkenhaus

Representing:

Nebraska Credit Union League

Summary of purpose and/or changes:

LB 456 would amend section 77-2715.07, dealing with individual income tax credits to allow a credit for each shareholder of a subchapter S corporation equal to that shareholder's share of any financial institutions deposit tax paid by the corporation. In other words, the financial institutions deposit tax could be taken as a credit against the individual income tax of the shareholders under LB 456. The credit would be distributed among the shareholders as income of the corporation is distributed.

Section 2 would amend section 77-3807 to harmonize this credit within the financial institutions deposit tax. The bill would be operative for all taxable years beginning on or after January 1, 2007.

Explanation of amendments, if any:

The Committee amendment rewrites all the new language in section 3 of the bill to 1) extend the tax credit to partnerships, limited liability companies, and estates or trusts, and 2) phase the credit in over two years by allowing 50 percent of the deposit tax paid to be taken as a credit against income taxes for the 2007 tax year and 100 percent for 2008 and thereafter.

Senator Ray Janssen, Chairperson