

**ONE HUNDREDTH LEGISLATURE - SECOND SESSION - 2008**  
**COMMITTEE STATEMENT**

**LB915**

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**Hearing Date:** January 23, 2008  
**Committee On:** Revenue

**Introducer(s):** (Revenue Committee)  
**Title:** Change income tax and disclosure provisions

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**Roll Call Vote - Final Committee Action:**

Placed on General File with Amendments

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**Vote Results:**

6 Yes	Senators Cornett, Dierks, Janssen, Preister, Raikes, White
0 No	
2 Absent	Senators Burling, Langemeier
0 Present, not voting	

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**Proponents:**  
George Kilpatrick, Legal Counsel  
Doug Ewald

**Representing:**  
Committee on Revenue  
Department of Revenue

**Opponents:**

**Representing:**

**Neutral:**

**Representing:**

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**Summary of purpose and/or change:**

LB 915 would amend three sections of income tax law (specifically estates and trust income taxes, partnership allocation, and corporate income allocation) to substitute the nonresident grantor of a grantor trust for the beneficiary for income tax withholding purposes. Under LB 915, if the member, partner, or beneficiary of a pass-through entity is a grantor trust, the pass-through entity will withhold Nebraska income tax from a non-resident grantor rather than the beneficiary.

Section 4 would amend section 77-2769 to increase the under-withholding threshold at which quarterly estimates are required from \$300 to \$500. Section 5 would amend section 77-2794 abate interest during a period covered by an agreement between the IRS and the taxpayer.

Finally LB 915 would amend section 77-27,119 (confidentiality of tax information) to allow disclosure of some information in the context of Medicaid eligibility and child support enforcement. The provisions dealing with grantor trusts and the withholding threshold would be operative for tax years beginning on or after January 1, 2008. The interest abatement and confidentiality provisions would be operative on their effective date.

**Explanation of amendments, if any:**

The Committee Amendment would amend the Nebraska Advantage Research and Development Act, section 77-5803, to provide for the apportionment of the federal credit among the states that the business operates for purposes of the Nebraska credit.

Last year the Legislature enacted LB 223 which changed the calculation of the Research and Development Tax Credit from one based on increased expenditures in Nebraska, to a simpler calculation of 15 percent of the federal credit. In making this change, the application of the calculation to multi-state businesses was not properly harmonized. This amendment would apportion the federal credit to Nebraska based either on the total expenditures in Nebraska compared to total expenditures by the company, or on the basis of the property employed in the state compared to the total property employed by the company.

This new section would be operative beginning with the 2008 tax year.

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Senator Ray Janssen, Chairperson