



Hundredth Legislature - First Session - 2007
Introducer's Statement of Intent
LB 456

Chairperson: Ray Janssen
Committee: Revenue
Date of Hearing: January 25, 2007

The following constitutes the reasons for this bill and the purposes which are sought to be accomplished thereby:

Current state law requires financial institutions organized as a subchapter s corporation to pay a franchise tax, as well requires the shareholders to pay personal income tax on the income of the bank. This results in a double tax on these individuals.

LB 456 would provide a tax credit to a shareholder of a financial institution that is organized as a subchapter S corporation. The credit amount shall be equal to the franchise tax paid under 77-3801 to 77-3807, by the financial institution. The credit will be proportionate to the amount of subchapter S corporation income the taxpayer reports.

This bill would harmonize state tax law and business formation law to permit Nebraskans to take full advantage of federal tax laws by adopting the most favorable business structure without being penalized by state law.

Principal Introducer: _____
Senator Tom White