

**ONE HUNDRED FIRST LEGISLATURE - SECOND SESSION - 2010**  
**COMMITTEE STATEMENT**  
**LB1078**

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**Hearing Date:** Thursday February 04, 2010  
**Committee On:** Revenue  
**Introducer:** Cornett  
**One Liner:** Update references to the Internal Revenue Code

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**Roll Call Vote - Final Committee Action:**  
Advanced to General File

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**Vote Results:**

**Aye:** 8 Senators Adams, Cornett, Dierks, Hadley, Louden, Pirsch, Utter, White  
**Nay:**  
**Absent:**  
**Present Not Voting:**

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**Proponents:** Senator Abbie Cornett  
**Representing:** Introducer

**Opponents:**  
**Representing:**

**Neutral:**  
**Representing:**

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

LB 1078 is the annual bill designed to update references in all Nebraska statutes to the most recent version of the federal Internal Revenue Code as it exists on the effective date of the bill, except as provided by:

- (1) Article VIII, section 1B, of the Nebraska Constitution, which states that "When an income tax is adopted by the Legislature, the Legislature may adopt an income tax law based upon the laws of the United States."
- (2) The statute sections listed in section 1 of the bill that govern Nebraska's income tax.
- (3) The statute sections listed in section 1 of the bill that govern Nebraska's business tax incentive programs.

Section 1: Would update Neb. Rev. Stat. sec. 49-801.01 to accomplish that purpose.

In general, LB 1078 provides that any reference to the "Internal Revenue Code" refers to the "Internal Revenue Code of 1986" as it exists on "the effective date of this act."

February 27, 2009, is the applicable date under the current statute. [Neb. Rev. Stat. sec. 49-801.01, as amended by Laws 2009, LB 251.]

The effective date of LB 1078 -- which contains the emergency clause -- would refer to the Internal Revenue Code as it exists on that date, except as provided by:

- (1) Article VIII, sec. 1B of the Nebraska Constitution; and
  - (2) Neb. Rev. Stat. sections:
    - 77-2701.01 (The so-called "primary" income tax rate, which is "three and seventy-hundredths percent");
    - 77-2714 to 77-27,123 (Income taxation, including process and procedure);
    - 77-27,191 (Nebraska Advantage Rural Development Act -- Investment increase; how determined);
    - 77-4103 (Employment and Investment Growth Act -- Terms, defined);
    - 77-4104 (Employment and Investment Growth Act -- Incentives; application; contents; fee; approval; agreements; contents);
    - 77-4108 (Employment and Investment Growth Act -- Incentives; transfer; when; effect);
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- 77-5509 (Invest Nebraska Act -- Company, defined);
- 77-5515 (Invest Nebraska Act -- Employee benefit program, defined) ;
- 77-5527 to 77-5529 (Invest Nebraska Act -- Qualified property, defined; Related persons, defined; and Start date, defined);
- 77-5539 (Invest Nebraska Act -- Transfer of project);
- 77-5717 to 77-5719 (Nebraska Advantage Act -- Qualified property, defined; Related persons, defined; and Taxpayer, defined);
- 77-5728 (Nebraska Advantage Act -- Incentives; transfer; when; effect);
- 77-5802 (Nebraska Advantage Research and Development Act - Business firm, defined);
- 77-5803 (Nebraska Advantage Research and Development Act -- Research tax credit; amount);
- 77-5806 (Nebraska Advantage Research and Development Act--Applicability of act); and
- 77-5903 (Nebraska Advantage Microenterprise Tax Credit Act -- Terms, defined).

Section 2: Would repeal Neb. Rev. Stat. sec. 49-801.01 as it exists under current law.

Section 3: Would enact the emergency clause.

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Abbie Cornett, Chairperson