

AMENDMENTS TO LB 727

(Amendments to E & R amendments, ER200)

Introduced by Ashford

1 1. Insert the following new sections:

2 Sec. 41. Section 77-2715.08, Reissue Revised Statutes of
3 Nebraska, is amended to read:

4 77-2715.08 For purposes of this section and section
5 77-2715.09, unless the context otherwise requires:

6 (1) Capital stock means common or preferred stock, either
7 voting or nonvoting. Capital stock does not include stock rights,
8 stock warrants, stock options, or debt securities;

9 (2)(a) Corporation means any corporation which, at the
10 time of the first sale or exchange for which the election is made,
11 has been in existence and actively doing business in this state for
12 at least three years.

13 (b) Corporation also includes:

14 (i) Any corporation which is a member of a unitary group
15 of corporations, as defined in section 77-2734.04, which includes a
16 corporation defined in subdivision (2)(a) of this section; and

17 (ii) Any predecessor or successor corporation of a
18 corporation defined in subdivision (2)(a) of this section.

19 (c) All corporations issuing capital stock for which an
20 election under section 77-2715.09 is made shall, at the time of the
21 first sale or exchange for which the election is made, have (i)
22 at least five shareholders and (ii) at least two shareholders or

1 groups of shareholders who are not related to each other and each
2 of which owns at least ten percent of the capital stock.

3 For purposes of this subdivision, each participant in an
4 employee stock ownership trust qualified under section 401(a) of
5 the Internal Revenue Code of 1986 is a shareholder.

6 For purposes of this subdivision, two persons shall
7 be considered to be related when, under section 318 of the
8 Internal Revenue Code of 1986, one is a person who owns, directly
9 or indirectly, capital stock that if directly owned would be
10 attributed to the other person or is the brother, sister, aunt,
11 uncle, cousin, niece, or nephew of the other person who owns
12 capital stock either directly or indirectly;

13 (3) Extraordinary dividend means any dividend exceeding
14 twenty percent of the fair market value of the stock on which it is
15 paid as of the date the dividend is declared; and

16 (4) Predecessor or successor corporation means a
17 corporation that was a party to a reorganization that was entirely
18 or substantially tax free and that occurred during or after the
19 employment of the individual making an election under section
20 77-2715.09.

21 Sec. 59. Original section 77-2715.08, Reissue Revised
22 Statutes of Nebraska, is repealed.

23 2. Renumber the remaining sections and correct internal
24 references and the operative date section so that the sections
25 added by this amendment become operative for all taxable years
26 beginning or deemed to begin on or after January 1, 2012, under the
27 Internal Revenue Code of 1986, as amended.