

ONE HUNDRED SECOND LEGISLATURE - FIRST SESSION - 2011
COMMITTEE STATEMENT
LB632

Hearing Date: Wednesday March 02, 2011
Committee On: Revenue
Introducer: Avery
One Liner: Provide an adjustment to income for certain depreciation

Roll Call Vote - Final Committee Action:
Indefinitely postponed

Vote Results:

Aye:	7	Senators Adams, Cornett, Fischer, Hadley, Loudon, Pirsch, Utter
Nay:		
Absent:	1	Senator Pankonin
Present Not Voting:		

Proponents:
Sen. Bill Avery

Representing:
Introducer

Opponents:

Representing:

Neutral:
William Peters

Representing:
Self

Summary of purpose and/or changes:

For tax years beginning on or after January 1, 2011, LB 632 would decouple Nebraska's individual and corporate income laws from provisions in Congress' Small Business Jobs Act of 2010 (2010 Jobs Act) and the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 (2010 Tax Relief Act) that increased and extended the Internal Revenue Code (IRC) section 168(k) bonus depreciation and the IRC section 179 expense deduction for certain depreciable property.

LB 632 would do so by adding new subsections (13) and (14) to statute section 77-2716.

New subsection (13) would require individual income taxpayers to increase their federal adjusted gross income by the amount of any additional first-year bonus depreciation allowed under IRC section 168(k) for: (1) 100% of the cost of qualified property placed in service after September 8, 2010, and before January 1, 2012; and (2) 50% of the cost of qualified property placed in service after December 31, 2011, and before January 1, 2013. New subsection (13) would require corporate and fiduciary income taxpayers to increase their federal taxable income by such amounts too.

Explanation of New Federal Tax Law: "The 2010 Jobs Act extended the 50% bonus depreciation provision to property placed in service in taxable years 2010 and 2011. The 2010 Tax Relief Act boosted the 50% bonus depreciation to 100% for property acquired and placed in service after September 8, 2010, and before January 1, 2012, and it provided 50% bonus depreciation for property placed in service after December 31, 2012, and before January 1, 2013." [Tax Newsletter, CCH (March 1, 2011).]

New subsection (14) would require individual income taxpayers to increase their federal adjusted gross income by the amount of any deduction claimed under IRC section 179 for any amount of qualified investment that exceeds \$25,000.

New subsection (14) would require corporate and fiduciary income taxpayers to increase their federal taxable income by such amounts too.

Explanation of New Federal Tax Law: "Amendments made by the 2010 Jobs Act and the 2010 Tax Relief Act did the following: expanded the deduction limits from \$250,000 to \$500,000 for the 2010 taxable year and from \$25,000 to \$500,000 for the 2011 taxable year; expanded the investment limits from \$800,000 to \$2 million for the 2010 taxable year and from \$200,000 to \$2 million for the 2011 taxable year; expanded the deduction limit from \$25,000 to \$125,000 for the 2012 tax year; expanded the investment limit from \$200,000 to \$500,000 for the 2012 tax year; and broadened the definition of "qualified property" to include certain real property investments for the 2010 and 2011 taxable years.

Thereafter, the expensing deduction and investment limits are scheduled to revert in 2013 to their prior levels of \$25,000 and \$200,000, respectively." [Tax Newsletter, CCH (March 1, 2011).]

[LB 632, section 1, adding new subsections (13) and (14) to Neb. Rev. Stat. section 77-2716.]

Additionally, LB 632 would repeal the current version of the statute section that it amends and the bill contains the emergency clause. [LB 632, sections 2 and 3.]

Abbie Cornett, Chairperson