

Legislature - First Session - 2019

Introducer's Statement of Intent

LB276

Chairperson: Senator Lou Ann Linehan

Committee: Revenue

Date of Hearing: February 13, 2019

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

LB 276 would eliminate the provision in Nebraska statutes that allows certain taxpayers, who are residents of Nebraska, to avoid paying Nebraska income tax on income derived from sources outside the state. In some cases this income is either taxed at lower rates or not taxed at all.

Choosing not to tax non-Nebraska income earned by S corporations and Limited Liability companies creates a tax expenditure estimated by the Department of Revenue to equal \$82.9 million in 2018, benefiting a small number of very high income taxpayers.

Taxpayers who receive income from these entities are allowed to claim credit for income tax paid to tax authorities in other states on income derived from sources in those other states, thus avoiding the risk that a Nebraska resident would be forced to pay tax twice on the same dollars of income.

LB 276 would change existing statutes beginning January 1, 2020.

Principal Introducer: _____

Senator John McCollister