

LEGISLATIVE BILL 6

Approved by the Governor February 2, 1987

Introduced by Marsh, 29, Vice-Chairperson, Exec. Board

AN ACT relating to revenue and taxation; to amend sections 77-2714 and 77-2730, Reissue Revised Statutes of Nebraska, 1943; to repeal an obsolete statute relating to an effective date and provisions during a transitional period; to harmonize provisions; and to repeal the original sections, and also section 77-27,124, Reissue Revised Statutes of Nebraska, 1943.

Be it enacted by the people of the State of Nebraska,

Section 1. That section 77-2714, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

77-2714. Any term used in sections 77-2714 to ~~77-27,124~~ 77-27,123 shall have the same meaning as when used in a comparable context in the laws of the United States relating to federal income taxes, unless a different meaning is clearly required. Any reference to the laws of the United States shall mean the provisions of the Internal Revenue Code of 1954, and amendments thereto, other provisions of the laws of the United States relating to federal income taxes, and the rules and regulations issued under such laws, as the same may be or become effective, at any time or from time to time, for the taxable year. All other references contained within sections 77-2714 to ~~77-27,124~~ 77-27,123 refer to income tax unless the contrary appears. Any organization to the extent that it is exempt from income taxes under the laws of the United States shall be exempt under the provisions of the Nebraska Revenue Act of 1967.

Sec. 2. That section 77-2730, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

77-2730. (1) A resident individual and a resident estate or trust shall be allowed a credit against the income tax otherwise due for the amount of any income tax imposed on him or her for each taxable year commencing on or after January 1, 1983, by another state of the United States or a political subdivision thereof or the District of Columbia on income derived from sources therein and which is also subject to income

tax under sections 77-2714 to ~~77-27,124~~ 77-27,123.

(2) The credit provided under sections 77-2714 to 77-27,135 shall not exceed the proportion of the income tax otherwise due under sections 77-2714 to 77-27,135 that the amount of the taxpayer's adjusted gross income or total income derived from sources in the other taxing jurisdiction bears to federal adjusted gross income or total federal income.

(3) For purposes of subsection (1) of this section, a resident individual, estate, or trust shall be deemed to have paid a portion of the income tax imposed by another state, a political subdivision thereof, or the District of Columbia on the income of any partnership, trust, estate, or corporation when such resident individual, estate, or trust is a partner, beneficiary, or shareholder and (a) the income taxed is included in the federal taxable income of the resident individual, estate, or trust, (b) any corporation has made an election not to be taxed under subchapter S of the Internal Revenue Code for the taxable year, and (c) the taxation of such partnership, trust, estate, or corporation by the other state is inconsistent with the taxation of such entity under the Internal Revenue Code. The amount of income tax deemed paid by the resident individual, estate, or trust shall be the same percentage of the total tax paid by the entity as the income included in federal taxable income of the resident is to the total taxable income of the entity as computed for the other state.

Sec. 3. That original sections 77-2714 and 77-2730, Reissue Revised Statutes of Nebraska, 1943, and also section 77-27,124, Reissue Revised Statutes of Nebraska, 1943, are repealed.