

One Hundred Third Legislature - First Session - 2013

Introducer's Statement of Intent

LB457

Chairman: Senator Galen Hadley

Committee: Revenue

Date of Hearing: February 20, 2013

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

LB457 would amend the statutory provisions that govern the deductions of net operating losses (NOL) for Nebraska income tax purposes. This tax policy allows losses to be deducted against past and future profits and to measure profitability over a period that more closely corresponds to a business's investment horizon. This bill extends the length of time a corporation would be allowed to carry forward net operating losses from five years to 20 years, beginning with tax year 2014.

Only Nebraska and four other states have a five year Net Operating Loss (NOL) carry forward policy. All but seven states have a NOL carry forward timeframe of ten or more years. The federal government, 26 states and the District of Columbia have adopted a 20 year carry forward policy. LB457 would extend NOL carry forwards to 20 years and brings Nebraska into line with the federal corporate income tax policy and the majority of states.

Principal Introducer: _____

Senator Bob Krist, District 10