



Ninety-Ninth Legislature - First Session - 2005  
**Introducer's Statement of Intent**  
**LB 499**

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**Chairperson:** David Landis  
**Committee:** Revenue  
**Date of Hearing:** January 26, 2005

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

Before 2002, every state had an estate tax based upon maximizing the federal death tax credit while allowing a credit for taxes paid to another state. Since every state followed this practice, the credit served to apportion the tax among the states in proportion to where the property was located. Today many states do not have an estate tax, so the credit for taxes paid in another state may not result in any reduction, even if the estate contains large amounts of property located in another state. Therefore, more taxes may be paid to Nebraska than would have been the case before 2002.

LB 499 would amend the state estate tax to provide that the estate tax liability shall be apportioned to reduce the amount of tax in proportion to the amount of the estate of a resident decedent that is held as real and personal property located in another state. For a nonresident decedent, the tax shall be the amount that the in-state property represents as a proportion of the entire estate.

This change in the amount of tax would be retroactive to decedents dying on or after January 1, 2003, the operative date of LB 905 (2002), which decoupled from the maximum federal estate tax credit and enacted a free-standing estate tax. This change will resolve any constitutional question that may surround the issue of an estate tax based in part on property located in another state, and should prevent Nebraska from receiving more estate tax revenue than it would have if the pre-2002 system were still in existence.

**Principal Introducer:** \_\_\_\_\_  
**Senator David Landis**