

Legislature - First Session - 2015

Introducer's Statement of Intent

LB238

Chairperson: Senator Sue Crawford

Committee: Urban Affairs

Date of Hearing: February 24, 2015

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

This bill seeks to implement the original intent of Nebraska's Constitutional Amendment in Article VIII, Section 12 as enacted by a vote of the people in 1978, and to clarify that Tax Increment Financing (TIF) is an intended urban renewal and redevelopment tool for blighted and substandard areas of a city. TIF funds originate from property taxes. The voters decided through TIF to shift future property tax revenues from public schools, county government, community colleges, etc., to public uses by cities. TIF dollars are still tax dollars and are to be used for public expenses. Therefore LB238 seeks to clarify that funds raised by TIF should only be used for expenses incurred by the city for land acquisition and preparation as well as cost associated with improving substandard public facilities and infrastructure.

This bill further seeks to ensure that the best interest of taxpayers is protected by decreeing that debt sold pursuant to TIF is offered at public sale to ensure transparency and accountability, and that taxpayers pay the lowest interest available on public debt. LB238 dictates that the interest rate on these secure bonds may not exceed the prime rate published by the Federal Reserve Board plus two percentage points which brings the interest rate in line with rates of municipal bonds issued by most Nebraska cities.

Principal Introducer: _____

Senator Mike Groene