

TRANSCRIPT PREPARED BY THE CLERK OF THE LEGISLATURE
Transcriber's Office

February 17, 1999 LR 21

the municipality issues the bonds, or whether the nonprofit group issues the bonds, and how the proceeds flow through to the ultimate project, which I understand is usually some building or improvement in an industrial development area. And I also understand that part of the rationale is that you'll receive lower interest rates if you have the tax exempt...if the bonds are issued with a tax-exempt status. Now, there are some limitations on what you can do issuing tax-exempt bonds. There are federal limitations on that amount. In addition, I would note that if you issue tax-exempt, "tax-exempt" bonds from a Nebraska entity, that you have an impact on state revenues, because the income from those bonds is also exempt from state of Nebraska revenues. Now I don't see in my book a fiscal prop...any estimate of the fiscal impact, and maybe that can't be done. But to the extent it would cause financing that is currently producing taxable income in the state of Nebraska to become nontaxed income in the state of Nebraska, it would have some impact on revenues. I'm...in principle, I'm a little bit concerned about the issue of using what is literally public financing for private purposes, and that is a theme that I think runs through a number of concerns. Senator Hartnett has been in the forefront of efforts to rationalize the treatment of TIF, for example, and that is another example of using public resources for private...what are essentially private purposes, development purposes. I guess I'm... Senator Hartnett, the best words that I can use to describe my position is that I'm uneasy for unknown reasons. And if you can dispel my "unease", I would be quite pleased with that. But that is the current uncomfortable state of my mind.

SENATOR CROSBY: Thank you, Senator Wickersham. Discussion on 2ICA? Senator Beutler. Senator Beutler.

SENATOR BEUTLER: In the past we've dealt, a number of times, with the idea of expanding the area or the users of tax-exempt financing and what we always end up doing is following the federal law. If the federal law allows various types of nonprofits to be treated as public entities for purposes of the tax treatment of the bonds, our tendency has been to allow it to happen. And I don't know if there's been any example where we've refused to go along with what the federal government has allowed to happen. And I think part of the reason for that is