

AMENDMENTS TO LB254

(Amendments to Standing Committee amendments, AM698)

Introduced by Dorn, 30.

1 1. Insert the following new section:

2 Sec. 4. Section 50-1209, Reissue Revised Statutes of Nebraska, is
3 amended to read:

4 50-1209 (1) Tax incentive performance audits shall be conducted by
5 the office pursuant to this section on the following tax incentive
6 programs:

7 (a) The Beginning Farmer Tax Credit Act;

8 (b) The ImagiNE Nebraska Act;

9 ~~(c) The Nebraska Advantage Act;~~

10 (c) ~~(d)~~ The Nebraska Advantage Microenterprise Tax Credit Act;

11 ~~(d)~~ ~~(e)~~ The Nebraska Advantage Research and Development Act;

12 ~~(e)~~ ~~(f)~~ The Nebraska Advantage Rural Development Act;

13 ~~(f)~~ ~~(g)~~ The Nebraska Job Creation and Mainstreet Revitalization Act;

14 ~~(g)~~ ~~(h)~~ The New Markets Job Growth Investment Act;

15 ~~(h)~~ ~~(i)~~ The Urban Redevelopment Act; and

16 ~~(i)~~ ~~(j)~~ Any other tax incentive program created by the Legislature
17 for the purpose of recruitment or retention of businesses in Nebraska. In
18 determining whether a future tax incentive program is enacted for the
19 purpose of recruitment or retention of businesses, the office shall
20 consider legislative intent, including legislative statements of purpose
21 and goals, and may also consider whether the tax incentive program is
22 promoted as a business incentive by the Department of Economic
23 Development or other relevant state agency.

24 (2) The office shall develop a schedule for conducting tax incentive
25 performance audits and shall update the schedule annually. The schedule
26 shall ensure that each tax incentive program is reviewed at least once

1 every five years.

2 (3) Each tax incentive performance audit conducted by the office
3 pursuant to this section shall include the following:

4 (a) An analysis of whether the tax incentive program is meeting the
5 following goals:

6 (i) Strengthening the state's economy overall by:

7 (A) Attracting new business to the state;

8 (B) Expanding existing businesses;

9 (C) Increasing employment, particularly employment of full-time
10 workers. The analysis shall consider whether the job growth in those
11 businesses receiving tax incentives is at least ten percent above
12 industry averages;

13 (D) Creating high-quality jobs; and

14 (E) Increasing business investment;

15 (ii) Revitalizing rural areas and other distressed areas of the
16 state;

17 (iii) Diversifying the state's economy and positioning Nebraska for
18 the future by stimulating entrepreneurial firms, high-tech firms, and
19 renewable energy firms; and

20 (iv) Any other program-specific goals found in the statutes for the
21 tax incentive program being evaluated;

22 (b) An analysis of the economic and fiscal impacts of the tax
23 incentive program. The analysis may take into account the following
24 considerations in addition to other relevant factors:

25 (i) The costs per full-time worker. When practical and applicable,
26 such costs shall be considered in at least the following two ways:

27 (A) By an estimation including the minimum investment required to
28 qualify for benefits; and

29 (B) By an estimation including all investment;

30 (ii) The extent to which the tax incentive changes business
31 behavior;

1 (iii) The results of the tax incentive for the economy of Nebraska
2 as a whole. This consideration includes both direct and indirect impacts
3 generally and any effects on other Nebraska businesses; and

4 (iv) A comparison to the results of other economic development
5 strategies with similar goals, other policies, or other incentives;

6 (c) An assessment of whether adequate protections are in place to
7 ensure the fiscal impact of the tax incentive does not increase
8 substantially beyond the state's expectations in future years;

9 (d) An assessment of the fiscal impact of the tax incentive on the
10 budgets of local governments, if applicable; and

11 (e) Recommendations for any changes to statutes or rules and
12 regulations that would allow the tax incentive program to be more easily
13 evaluated in the future, including changes to data collection, reporting,
14 sharing of information, and clarification of goals.

15 (4) For purposes of this section:

16 (a) Distressed area means an area of substantial unemployment as
17 determined by the Department of Labor pursuant to the Nebraska Workforce
18 Innovation and Opportunity Act;

19 (b) Full-time worker means an individual (i) who usually works
20 thirty-five hours per week or more, (ii) whose employment is reported to
21 the Department of Labor on two consecutive quarterly wage reports, and
22 (iii) who earns wages equal to or exceeding the state minimum wage;

23 (c) High-quality job means a job that:

24 (i) Averages at least thirty-five hours of employment per week;

25 (ii) Is reported to the Department of Labor on two consecutive
26 quarterly wage reports; and

27 (iii) Earns wages that are at least ten percent higher than the
28 statewide industry sector average and that equal or exceed:

29 (A) One hundred ten percent of the Nebraska average weekly wage if
30 the job is in a county with a population of less than one hundred
31 thousand inhabitants; or

1 (B) One hundred twenty percent of the Nebraska average weekly wage
2 if the job is in a county with a population of one hundred thousand
3 inhabitants or more;

4 (d) High-tech firm means a person or unitary group that has a
5 location with any of the following four-digit code designations under the
6 North American Industry Classification System as assigned by the
7 Department of Labor: ~~2111, 3254, 3341,~~ 3342, 3344, 3345, 3364, 5112,
8 ~~5173, 5179,~~ 5182, 5191, 5413, 5415, or 5417;

9 (e) Nebraska average weekly wage means the most recent average
10 weekly wage paid by all employers in all counties in Nebraska as reported
11 by the Department of Labor by October 1 of each year;

12 (f) New business means a person or unitary group participating in a
13 tax incentive program that did not pay income taxes or wages in the state
14 more than two years prior to submitting an application under the tax
15 incentive program. For any tax incentive program without an application
16 process, new business means a person or unitary group participating in
17 the program that did not pay income taxes or wages in the state more than
18 two years prior to the first day of the first tax year for which a tax
19 benefit was earned;

20 (g) Renewable energy firm means a person or unitary group that has a
21 location with any of the following six-digit code designations under the
22 North American Industry Classification System as assigned by the
23 Department of Labor: 111110, 111150, 111199, 111930, 111991, 113310,
24 221111, 221113, 221114, 221115, 221116, 221117, 221118, 221121, 221122,
25 221330, 237130, 237990, 325193, 331511, 331512, 331513, 331523, 331524,
26 331529, 332111, 332112, 333511, 333611, 333612, 333613, 334519, 423830,
27 482111, 484230, 488510, 541360, 541370, 541620, 541690, 541714, or 541715
28 ~~111110, 111120, 111130, 111140, 111150, 111160, 111191, 111199, 111211,~~
29 ~~111219, 111310, 111320, 111331, 111332, 111333, 111334, 111335, 111336,~~
30 ~~111339, 111411, 111419, 111930, 111991, 113310, 221111, 221113, 221114,~~
31 ~~221115, 221116, 221117, 221118, 221330, 237130, 237210, 237990, 325193,~~

1 ~~325199, 331512, 331513, 331523, 331524, 331529, 332111, 332112, 333414,~~
2 ~~333415, 333511, 333611, 333612, 333613, 334519, 485510, 541330, 541360,~~
3 ~~541370, 541620, 541690, 541713, 541714, 541715, 561730, or 562213;~~

4 (h) Rural area means any village or city of the second class in this
5 state or any county in this state with fewer than twenty-five thousand
6 residents; and

7 (i) Unitary group has the same meaning as in section 77-2734.04.

8 2. Renumber the remaining sections, correct internal references, and
9 correct the repealer accordingly.