

One Hundred Fifth Legislature - First Session - 2017

Introducer's Statement of Intent

LB599

Chairperson: Senator Jim Smith

Committee: Revenue

Date of Hearing: March 09, 2017

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

LB 599 establishes that improvements on land of new infrastructure, redevelopment, or new construction intended for business or housing purposes be considered business inventory until the property is occupied, sold, or leased.

The State Constitution exempts business inventory in Article VIII, Sec. 2 (8). LB 599 would further expand the definition of business inventory in state statute.

For a developer, property improvements are not intended for personal use, but to them it is their inventory. As an automobile dealership is not charged property tax on their inventory, but instead is later assessed on the end user, property taxes would not be levied against the developer's inventory until it is occupied, sold, or leased and paid thereafter by the consumer.

The base property taxes on the land under improvement would still be collected. The future increased property taxes created by the development would be available earlier than tax incentives such as Tax Increment Financing (TIF).

State economic development programs, look to provide economic incentives to business to create jobs and expand the tax base. Alleviating the property tax burden on the development inventory should incentivize development investments and lower the cost of new home ownership.

Principal Introducer: _____

Senator Mike Groene