

ONE HUNDRED SEVENTH LEGISLATURE - FIRST SESSION - 2021
COMMITTEE STATEMENT
LB682

Hearing Date: Friday February 05, 2021
Committee On: Revenue
Introducer: Linehan
One Liner: Change the New Markets Job Growth Investment Act

Roll Call Vote - Final Committee Action:
Advanced to General File with amendment(s)

Vote Results:

Aye: 8 Senators Albrecht, Bostar, Briese, Flood, Friesen, Lindstrom, Linehan, Pahls
Nay:
Absent:
Present Not Voting:

Oral Testimony:

Proponents:

Senator Lou Ann Linehan
Carmen Tapio
Sean Kelley
John McCoy
Ryan Brennan
Ron Sedlacek

Representing:

Introducer
North End Teleservices LLC
Advantage Capital Partners, BeeHive Industries
Orthman Manufacturing Inc.
Advantage Capital Partners
Nebraska Chamber of Commerce, Enhanced Capital

Opponents:

Representing:

Neutral:

Representing:

Submitted Written Testimony:

Proponents:

Bob Hallstrom

Representing:

Nebraska Bankers Association

Opponents:

Representing:

Neutral:

Representing:

Summary of purpose and/or changes:

The bill would extend the New Markets Job Growth Investment Act ("the Act").

Under the federal New Markets Tax Credit ("NMTC"), federally licensed lenders known as community development entities ("CDE's") apply to create a fund. These CDE's also raise private capital from qualifying investors. CDE's invest in qualifying

small businesses in eligible locations and receive tax credits that may be redeemed at the federal level.

The Nebraska Act was passed in 2012 to attract federal funds to the state. The investments in qualifying small businesses provides access to capital to retain and add jobs. The adoption of the Act increased the amount of federal NMTC funding in Nebraska from \$4.75 million per year to \$58.8 million per year. No new applications may be accepted after December 31, 2022.

LB682 would extend the Act by allowing a 2021 allocation, authorizing \$15 million in tax credits to be redeemed by CDE's annually during program years three through seven. State tax credits must be matched by federal NMTC funds, which would allow investment in the state of \$187.5 million over 12 months. The capital investment must remain invested in the state for seven years. No new applications would be accepted after December 21, 2029.

Qualifying small businesses may receive a maximum amount of \$10 million of investment, must be located in an NMTC eligible area and may not receive more than 15% of their revenue from the rental or sale of real estate.

Eligible locations are limited to those where Income levels are at or below 80% of the state family median income or where the poverty rate is 20% or greater.

Applications may be submitted to the Tax Commissioner not less than 30 days or more than one year after the 2020 federal notice. (The federal notice was published in November 2020.)

100% of the credits are subject to recapture for noncompliance. Qualified CDE's must file an annual report with the Tax Commissioner.

Explanation of amendments:

The committee voted to adopt Committee Amendment 195:

8 Yes - Linehan, Lindstorm, Albrecht, Bostar, Briese, Flood, Friesen, Pahls

The amendment eliminates redundant language from the first phase of the program and harmonizes language with the federal program. It sets the date for the Department of Revenue to begin accepting credit applications.

Lou Ann Linehan, Chairperson