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LB 672

the fact that it takes sometimes up to two years to announce the project, to search out and find a developer that will do it, do the project, and then advertise the project, and go through the whole rigamarole of getting the approvals on the project. That can take up to two years and that does not leave the full 15-year balance of time for the bonds themselves. So I am saying in the bill that we shall just extract the word "fifteen" and insert "thirty" years and it means up to thirty years as far as the bonds themselves are concerned. The longer term, for example, of the bonds will lead to a better debt ratio on the project...the financing of the project itself, but what we are dealing with here is the period of time that you can divide the tax base between the original tax base and the new improved tax base to pay the bonds off with. If you have a project, for example, that has 15-year limitation on that and that calls for a higher payment and consequently the feasibility, the economic feasibility of the project will not work out in a lot of cases, it also means that the debt is funded in too short a time which in turn gives you a higher debt to income ratio and causes or forces a higher rate on the bonds. If you have lowered that ratio, then your bond issue is a more comparable bond issue and attracts purchasers which in turn gives you a lower rate on the redevelopment project, a lower rate of interest on the redevelopment project. I would move the advancement of 672.

PRESIDENT: The Chair recognizes Senator Beutler.

SENATOR BEUTLER: Senator Goodrich, if I may, could I ask you a couple of questions to be sure that I understand this correctly?

PRESIDENT: Senator Goodrich, will you respond?

SENATOR GOODRICH: Yes.

SENATOR BEUTLER: Okay, as I understand it, this has to do with tax increment financing and just to work with an example, when we decide to use tax increment financing bonds, we determine what the property valuation is before the development and then we determine what the property valuation is immediately subsequent to the development through a negotiation with the county assessor. Is that correct, Senator Goodrich?

SENATOR GOODRICH: No, not really because the tax base