

ONE HUNDRED FIRST LEGISLATURE - FIRST SESSION - 2009
COMMITTEE STATEMENT
LB318

Hearing Date: Monday February 23, 2009
Committee On: Appropriations
Introducer: Speaker Flood
One Liner: Change provisions governing depreciation charges for capital improvement projects

Roll Call Vote - Final Committee Action:
Advanced to General File

Vote Results:

Aye: 9 Senators Fulton, Hansen, Harms, Heidemann, Mello, Nantkes, Nelson, Nordquist, Wightman

Nay:

Absent:

Present Not Voting:

Proponents:

Gerry Oligmueller

Representing:

Introducer - Governor's Office

Opponents:

Representing:

Neutral:

Representing:

Summary of purpose and/or changes:

LB 318, introduced by the Speaker at the request of the Governor, is part of the Governor's 2009-11 biennium budget recommendations. The bill would suspend certain depreciation charges assessed by the Department of Administrative Services (DAS). Legislation enacted in 1998 (LB1100) provided, with certain exclusions, that in the year following completion of a capital construction project, DAS was to annually thereafter assess depreciation charges to the relevant state agency on the basis of 2% of the total project cost. In the case of acquisition of an existing facility, the depreciation charge was based upon 2% of the greater of the acquisition price or the value of the facility as determined by DAS. The charges were suspended for 2003-04 and 2004-05 by LB410 [2003] and LB1092 [2004]. The charges were reinstated at a 1% rate for 2005-06 and have remained at this level through the current fiscal year, 2008-09. Amounts remitted by state agencies for these 'LB1100' depreciation charges are credited, as applicable, to the State Building Renewal Assessment Fund (Sec. 81-188.01), University Building Renewal Assessment Fund (Sec. 81-188.03), and State College Building Renewal Assessment Fund (Sec. 81-188.05). The funds are administered by the "309" Task Force for Building Renewal (a division of DAS). In general terms, amounts from the respective funds are authorized to be expended for building renewal projects and other building improvements incident to approved building renewal projects.

LB318 would suspend assessment of 'LB1100' depreciation charges for 2009-10 and 2010-11. Under provisions of the bill, the depreciation charges would resume at the current 1% rate for 2011-12 and future years. The bill would result in a reduction of revenue accruing to the three building renewal assessment funds to support building renewal projects. Correspondingly, affected state agencies would not be subject to the depreciation charges for the 2009-11 biennium.

Lavon Heidemann, Chairperson