

One Hundred Second Legislature - Second Session - 2012

Introducer's Statement of Intent

LB1118

Chairperson: Senator Abbie Cornett

Committee: Revenue

Date of Hearing: February 02, 2012

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

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LB1118 was introduced to amend the Nebraska Advantage Act, sections 77-5701 to 77-5735 in order to provide tax incentives for large data center projects.

The bill defines data centers for purposes of Nebraska Advantage Act incentives. The bill specifies that applicants may qualify for benefits under the Act through a new sub-category in tier 2. The new tier 2 category would apply only to large data center projects and requires an investment of three hundred million dollars in qualified property for the data center and the hiring of at least thirty new employees for the data center. The bill clarifies that tier 2 large data center projects and certain tier 5 projects receive exemption of property as currently described in the law beginning with the first January 1 following the acquisition of the property and that the property shall be eligible for the exemption through the ninth December 31st after the year the first claim is approved. The bill provides that tier 2 large data center projects will have the same treatment of other personal property located at the project site as tier 6 projects and the same treatment for real property tax rebates as tier 6 projects. The required investment thresholds for tier 2 large data center projects will increase after October 1, 2012 at a statutorily defined price index and adjusted for inflation. If recapture of taxes are necessary for tier 2 large data center projects the tax must be paid together with interest at the statutory rate from the original date that the tax would have been paid and shall be immediately payable to the county in which the exempt property was located when exempted. The bill makes it clear that the changes apply only to new applications filed on or after the effective date of the act and that applications filed prior to the new law are governed by the Nebraska Advantage Act as it existed at that time.

LB 1118 further harmonizes statutory provisions; repeals the original sections and has an emergency clause.

Principal Introducer: _____

Senator Abbie Cornett