

ONE HUNDRED THIRD LEGISLATURE - SECOND SESSION - 2014
COMMITTEE STATEMENT
LB800

Hearing Date: Monday February 03, 2014
Committee On: Business and Labor
Introducer: Mello
One Liner: Provide for designation of enterprise zones and preferences in certain business incentive programs

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

Vote Results:
Aye: 7 Senators Ashford, Chambers, Hansen, Lathrop, Harr, McGill, Wallman
Nay:
Absent:
Present Not Voting:

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| Proponents: | Representing: |
| Heath Mello | District 5 |
| Willie Barney | Self |
| James Goddard | Nebraska Appleseed |

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| Opponents: | Representing: |
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| Neutral: | Representing: |
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Summary of purpose and/or changes:

LB 800 provides that DED may designate five areas as enterprise zones, with no more than one zone in a city of the metropolitan class and no more than one zone in a city of the primary class. Enterprise zone designations would continue for ten years, and projects from enterprise zones would receive preference for funding from the Affordable Housing Trust Fund, the Nebraska Advantage Microenterprise Tax Credit Act, the Job Training Cash Fund, the Site and Building Development Fund and the Business Innovation Act.

The Act was first adopted in 1993 and it originally targeted federal funds to be used in designated enterprise zones. This portion is stricken in LB 800 and replaced with the preference language for state funds from the Affordable Housing Trust Fund, the Job Training Cash Fund, the Site and Building Development Fund and the Business Innovation Act.

Not changed by LB 800 is the criteria for an enterprise zone (2 of the 3 must be met): 1) the population in the area has decreased by 10%, 2) the average unemployment is at least 200% of the state average, or 3) the average poverty rate exceeds 20% for the total federal census tract.

Explanation of amendments:

AM 1891 strikes preferences under the Microenterprise Tax Credit Act. The Department of Revenue shared concerns as to how it would apply the preference. Tax credits under the Microenterprise Tax Credit Act are allocated in the order the applications are received and approved. The annual limit is \$2 million. Applications start every January 1. The DOR questioned whether a portion of the funds should be held in case it received an application from a microbusiness located in an enterprise zone.

Steve Lathrop, Chairperson