

ONE HUNDRED FOURTH LEGISLATURE - SECOND SESSION - 2016
COMMITTEE STATEMENT
LB1022

Hearing Date: Friday February 05, 2016
Committee On: Executive Board
Introducer: Legislative Performance Audit
One Liner: Change provisions relating to the office of Legislative Audit and change dates for application of tax incentives

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

Vote Results:

Aye: 9 Senators Campbell, Chambers, Coash, Hadley, Hughes, Krist, Larson, Murante, Watermeier

Nay:

Absent:

Present Not Voting:

Verbal Testimony:

Proponents:

Senator Dan Watermeier
Martha Carter

Representing:

Introducer
Legislative Audit Office

Opponents:

Tony Fulton

Representing:

NE Dept. of Revenue

Neutral:

Chad Denton

Representing:

Greater Omaha Chamber, NE Chamber of Commerce,
Lincoln Chamber, NE Bankers Association

Summary of purpose and/or changes:

Section 50-1209 (Legislative Performance Audit Act) authorizes the office of Legislative Audit to perform audits of the following tax incentive programs:

- (a) The Angel Investment Tax Credit Act;
- (b) The Beginning Farmer Tax Credit Act;
- (c) The Nebraska Advantage Act;
- (d) The Nebraska Advantage Microenterprise Tax Credit Act;
- (e) The Nebraska Advantage Research and Development Act;
- (f) The Nebraska Advantage Rural Development Act;
- (g) The Nebraska Job Creation and Mainstreet Revitalization Act;
- (h) The New Markets Job Growth Investment Act; and
- (i) Any other tax incentive program created by the Legislature for the purpose of recruitment or retention of businesses in Nebraska.

LB1022 adds new language to the Legislative Performance Audit Act to require the Performance Audit Committee to work with the appropriate standing committee to ensure that legislation is introduced when needed.

The bill also provides that, pursuant to the tax incentive performance audit report, the Revenue Committee shall make a

recommendation whether to extend the sunset date for the audited program. A recommendation is to be made by the Revenue Committee to the Legislature by December 1 of the year prior to the program's sunset date. To help accomplish this, the bill adds one year to those programs which have specific statutory application and/or credit sunset dates.

The bill also adds new language clarifying that access to information by the Office of Legislative Audit includes databases containing relevant information or data, strikes language regarding sharing confidential information with committee members, and eliminates language in income tax statutes that restricts the Office of Legislative Audit to using a random sample.

Explanation of amendments:

The committee amendment extends tax incentive program sunset dates by three years, instead of by one year, as in the original bill.

Currently, when conducting a performance audit of a tax incentive program, the Legislative Audit Office can only review a random sample of the program's participants. The committee amendment authorizes the Office to decide between reviewing: all program applicants; all qualified projects (which are projects that have met key requirements and are eligible to receive benefits); or a random sample from either of those groups.

Bob Krist, Chairperson