

**ONE HUNDRED FIFTH LEGISLATURE - SECOND SESSION - 2018**  
**COMMITTEE STATEMENT**  
**LB935**

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**Hearing Date:** Wednesday January 24, 2018  
**Committee On:** Executive Board  
**Introducer:** Legislative Performance Audit  
**One Liner:** Facilitate tax incentive performance audits by requiring certain application materials, reporting, and data retention for certain tax incentive programs

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

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**Vote Results:**

<b>Aye:</b>	6	Senators Bolz, Crawford, Kuehn, McCollister, Scheer, Watermeier
<b>Nay:</b>		
<b>Absent:</b>	3	Senators Chambers, Hughes, Larson
<b>Present Not Voting:</b>		

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**Verbal Testimony:**

**Proponents:**

Senator John Kuehn  
Martha Carter  
Anthony Circo  
Renee Fry

**Representing:**

Introducer  
Legislative Audit Office  
Legislative Audit Office  
Open Sky Policy Institute

**Opponents:**

Chad Denten

**Representing:**

Nebraska Chamber, Lincoln Chamber, Omaha Chamber

**Neutral:**

**Representing:**

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**Summary of purpose and/or changes:**

The stated purpose of LB935 is to provide information for tax incentive performance audits by allowing the Department of Economic Development and the Department of Revenue to disclose to each other the names, addresses, and identification numbers of taxpayers participating in tax incentive programs. This information would be confidential.

LB935 impacts the following tax incentive programs:

The New Markets Job Growth Investment Act  
The Nebraska Advantage Rural Development Act  
The Nebraska Job Creation and Mainstreet Revitalization Act  
The Beginning Farmer Tax Credit Act  
The Nebraska Advantage Act  
The Nebraska Advantage Research and Development Act  
The Nebraska Advantage Microenterprise Tax Credit Act  
The Angel Investment Tax Credit Act

The changes made to these programs include requiring the Department of Revenue to retain records for a specified

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period of time, requiring taxpayers wanting to participate in certain tax incentive programs to provide additional information on applications, and requiring additional information to be reported by the taxpayer to the Department of Revenue.

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**Explanation of amendments:**

The committee amendment (AM1888) to LB935 strikes all original sections and makes the following changes:

1. Provides for limited sharing of tax data with the Department of Economic Development. Specifically, it authorizes the Department of Revenue to allow one designee from the Department of Economic Development to review limited tax data only for the purpose of assisting the Audit Office with tax incentive program performance audits. The designee from the Department of Economic Development would review the data at the Revenue Department and be subject to strict confidentiality requirements. The provision is modeled on an existing statute that allows cities to designate one person to review Advantage Act sales tax credits that would impact the city.
2. Limits the remaining provisions of the bill to only the Nebraska Advantage Act. The original bill included smaller programs which would have required new databases to be created to manage the information requirements of the bill. The Department of Revenue already has a database for the Nebraska Advantage Act, which is the largest incentive program.
3. Requires participating companies to create an unemployment insurance account or accounts specific to program participants at each project location and requires reporting of hours worked and job titles for new employees and eliminates the requirement in the bill, as introduced, for reporting the total number of employees per quarter; full-time, part-time, and temporary employees; and number of employees in different wage categories.
4. Eliminates correspondence from the list of materials the Department of Revenue must retain and limits retention of other program materials to 20 years.
5. Limits federal ID numbers and unemployment insurance numbers that have to be reported to only those affiliated with a company's Nebraska business.
6. Limits reporting on employees offered/using benefits to employees in the company's Nebraska business.

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Dan Watermeier, Chairperson