

One Hundred Fifth Legislature - Second Session - 2018

Introducer's Statement of Intent

LB1023

Chairperson: Senator Jim Smith

Committee: Revenue

Date of Hearing: February 27, 2018

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

LB1023 was introduced for purposes of highlighting tax credits flowing to business in the State granted as incentives either to attract new businesses to the state or as incentives to existing businesses to expand and or undergo activities that may or may not have been undertaken anyway, based on dollars invested and jobs created. Every new credit issued for incentive programs, the value of which study after study has failed to substantiate, is a debt the state cannot afford.

Policy alternatives are severely restricted by the fact that the Legislature already has made more incentive commitments than the State can afford and those commitments extend out a decade or more. With the printing of every new credit the situation compounds. To the extent that a productive incentive program can be devised, it may not be affordable for many years to come, The urgency of the situation cannot be overstated. The cost of the existing incentives is staggering and threatens the Legislature's ability to entertain any more productive options.

In their current configuration the incentives could easily, and perhaps already have, enabled a new plutocratic mechanism. Hundreds of millions of dollars in outstanding incentive credits function as a like amount of demand notes. The holders have the exact power behind closed doors to demand favorable treatment and policies as would a creditor with the power to bankrupt the state or determine the fate of ambitious politicians. It is the exact phenomena sought to be prohibited by the constitutional provisions against debt, lending the credit of the state, and a Legislature binding future Legislatures.

Principal Introducer: _____

Senator Paul Schumacher