

ONE HUNDRED EIGHTH LEGISLATURE - FIRST SESSION - 2023
COMMITTEE STATEMENT
LB346

Hearing Date: Tuesday February 14, 2023
Committee On: Urban Affairs
Introducer: Brandt
One Liner: Redefine qualifying business under the Local Option Municipal Economic Development Act

Roll Call Vote - Final Committee Action:
Advanced to General File

Vote Results:

Aye: 7 Senators Blood, Cavanaugh, J., Day, Hardin, Hunt, Lowe, McKinney
Nay:
Absent:
Present Not Voting:

Testimony:

Proponents:

Tom Brandt
Tom Gouletote
Christy Abraham

Representing:

District #32
City of West Pointe
League of NE Municipalities & NE Economic Development Association

Opponents:

Representing:

Neutral:

Representing:

* ADA Accommodation Written Testimony

Summary of purpose and/or changes:

LB 346 would allow qualifying businesses in cities with a population of 5,000 or less to be qualified even if they derive its principal source of income from activities other than those set out in the statute. This changes the number from 2,500.

Background:

The Local Option Municipal Economic Development Act, commonly referred to as LB 840, allows municipalities to collect and appropriate local tax dollars for economic development purposes, if approved by local voters.

Under the Act, municipalities can spend LB 840 funds in two ways: (1) loans and grants to qualifying businesses; and (2) the payment of related costs and expenses, which generally includes things like the cost of public infrastructure projects and the cost to administer the LB 840 program itself.

For a business to be qualified, the principal source of income must come from manufacturing, research & development, sale of services in interstate commerce, telecommunication activities, tourism-related activities, and more. The qualifying

business does not have to be located within city limits. Under current law, any activities conducted in cities with a population of 2,500 or less may count as qualifying.

Historically, the definition of qualifying business has been limited to private business entities such as corporations, partnerships, and LLCs. A qualifying business does not include a political subdivision, a state agency, or any other government entity, except as allowed for cities of the 1st and 2nd class and villages for rural infrastructure development.

Section-by-Section Summary:

Section 1 of the bill amends 18-2709 to allow businesses in cities with a population of 5,000 or less to be qualified even if they derive its principal source of income from activities other than those set out in the statute. This changes the number from 2,500.

Section 2 of the bill repeals original sections.

Terrell McKinney, Chairperson