One Hundred First Legislature - First Session - 2009

Introducer's Statement of Intent
LB 525

Chairperson: **Mike Friend**
Committee: **Urban Affairs**
Date of Hearing: **February 24, 2009**

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

LB 525 substantially parallels the provisions of LB 997 introduced in 2008 by Senator Vickie McDonald.

The Urban Affairs deferred action on LB 997 in favor of permitting the voters of the state to amend the constitution as proposed in LR 229CA (with LB 997 dying in committee at the end of the session). LR 229CA became a speakers priority bill and was adopted by the legislature and placed on the November general election ballot as Amendment 1 (which was then defeated by the voters).

In consequence of the failure of LR 229CA/Amendment 1, LB 525 brings back the prior unresolved issues raised by LB 997 for further consideration.

LB 525 contains all of the provisions of LB 997 except for the provisions of section 5 of that bill, which proposed to remove the requirement that there must be a separate account in a financial institution for each loan made from a loan fund in any municipal program. That provision was amended into LB 895 and was ultimately adopted by the Legislature.

LB 525 proposes to amend the Local Option Municipal Economic Development Act (or LB 840 as it is often known). It increases the amount of funds that a city, village or county can collect from local tax dollars for voter-approved economic development purposes. Current law allows a city, village or county to collect up to four-tenths of one percent of the taxable valuation of their respective political subdivision. LB 525 would increase the allowable collection to five tenths of one percent of the taxable valuation.

LB 525 expands the list of eligible economic development programs to include community marketing, private tourism development and workforce retention and attraction. It limits what cities and villages will be allowed to spend on housing projects to 30% of revenue raised over a twelve-month period.

This legislation does not change the requirement that all economic development programs must be approved by the voters of the political subdivision.

Principal Introducer: ______________________________
Senator Mike Friend