

One Hundred Fifth Legislature - First Session - 2017

Introducer's Statement of Intent

LB597

Chairperson: Senator Justin Wayne

Committee: Urban Affairs

Date of Hearing: February 21, 2017

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

Presently there is no state oversight over the use of Tax Increment Financing (TIF) by local municipalities. At this time, the governing bodies are free to, without worry of penalty, use the property tax dollars entrusted to them by the people of Nebraska for expenditures unrelated to public cost to rehabilitate, acquire, or redevelop substandard and blighted property pursuant to the Nebraska Constitution Article VIII, Section 12.

Governing bodies using TIF already have the obligation under the Community Development Law to report annually to the Property Tax Administrator in the Department of Revenue their TIF projects. There is no oversight authority giving the Revenue Department the authority for approval or comment on projects by the governing body. Citizens, likewise, have no recourse other than civil court to address grievances.

LB 597 provides this oversight. This bill requires a specific process to be followed to ensure the projects are evaluated to meet the constitutional and statutory requirements before being undertaken by the governing body. The governing bodies would be asked to fill out an application as required by the Department of Revenue under the Tax Commissioner. The application would include information necessary to evaluate eligibility, as well as the redevelopment plans and the parcels for approval. There would be a fee for filing the application which would help pay for the costs of the oversight through the Department of Revenue. The bill provides for a processes of approval and petition for review by the cities, and an opportunity for appeal to Tax Equalization Board.

This bill adds details to that requirement so that the Department of Revenue can ascertain and regulate that the law is being followed.

Principal Introducer: _____

Senator Mike Groene