

TRANSCRIPT PREPARED BY THE CLERK OF THE LEGISLATURE  
Transcriber's Office

February 17, 1999 LB 774  
LR 21

you. Senator Hartnett waives closing, the question is the advancement to E & R Initial of LB 774. All in favor vote aye, opposed no. Record, please.

CLERK: 30 ayes, 0 nays, Madam President, on the advancement of 774.

SENATOR CROSBY: (LB) 774 advances. LR 21CA.

CLERK: LR 21, offered by Senator Hartnett. (Read title.) Resolution was introduced on January 19, Madam President, at that time referred to the Urban Affairs Committee for public hearing. Bill (sic) was readvanced to the floor. There are committee amendments pending.

SENATOR CROSBY: Senator Hartnett, to open on 21.

SENATOR HARTNETT: Madam Chairman and members of the body, LR 21CA is a proposed constitutional amendment which is designed to authorize counties, cities, and villages to utilize revenue bonds to develop and lease property for use by nonprofit enterprises. The Legislature and voters have previously approved two separate constitutional amendments authorizing the use of revenue bonds by these political subdivisions for authorized projects involving manufacturing or industrial enterprise and projects located in blighted areas. The implementing legislation is carried out...the constitutional amendment is found in Chapter 13 of the Nebraska Statutes relating to industrial development bonds. LR 21CA, if approved by the Legislature and voters, would expand these permissible projects to include the acquisition, ownership, development, or lease of real and personal property for use by nonprofit enterprises. Nonprofit organizations that are determined by the Internal Revenue Service to be charitable organizations under Section 501(c)(3) of the Internal Revenue Code are granted special statute, under federal tax law. The primary advantage to nonprofit from using municipal revenue bond financing is that the interest on municipal bonds issued for the benefit of a charitable organization is generally tax exempt. Congress recognized that charitable organizations are often performing functions that state and local governments wouldn't otherwise be required to perform. A result...some municipal bonds issued to