

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

April 11, 2001 LB 79, 620

LB 775. Another portion in the committee amendments that is consistent with a bill that has been advanced by the Revenue Committee but not yet considered or adopted is LB 79. That concerns a group of entities that we would call nonexempt cooperatives...or exempt cooperatives, I'm sorry, and exempt cooperatives, for all intents and purposes, look like partnerships or S corporations or other kinds of entities. They are essentially pass-through entities; however, under existing law they do not...they would not be eligible for the benefits that would be conferred by LB 620, if it passed, and they could not pass through the benefits that might accrue by reason of LB 620 to their patrons. There is a...there is a provision in the bill that, as I suggest to you, would conform the Invest Nebraska Act, if it's adopted, to the suggestion that we would also have for you in LB 79, as would be applicable to what we'd commonly refer to as LB 775. Now, what I would characterize as a change that makes a difference that is an important policy consideration is contained in Section 31. What you see is drafted Section 31 of the committee amendments. That change is that a qualifying company, a qualifying company, could only receive either the investment credit or the wage benefit at this level of \$200 million or 500 new employees. They could not receive both. They could only receive one or the other and they would have to choose which one they wished to receive. Now, that was primarily proposed to you as a fiscal consideration by the committee. We have had several different kinds of analysis, economic...econometric models analysis applied to the proposals that are...that we think might be qualified under LB 620, and we were concerned, quite frankly, about their impact on the state's fiscal status. And we will be happy to discuss with you exactly what those studies show if you're interested in them. I can't imagine that what they show will not come up in the discussion. But the proposal in the committee amendment to allow a qualifying company in that, what I would characterize as perhaps a "Super Tier", would be...well, and that's what Senator Kristensen calls it, that's a happy coincidence...in that "Super Tier" would choose one or the other benefit. It will reduce the cost of a particular project to the state. Of course, it reduces the benefit to the applicant. There's also a provision in that section which makes benefits transferable. If you are a pass-through entity, that perhaps is in the nature of a