

LEGISLATURE OF NEBRASKA
ONE HUNDRED EIGHTH LEGISLATURE
SECOND SESSION

LEGISLATIVE BILL 1043

Introduced by McKinney, 11.

Read first time January 08, 2024

Committee: Revenue

- 1 A BILL FOR AN ACT relating to economic development; to define terms; to
- 2 require the development of certain real property located in high-
- 3 poverty areas; to prohibit certain practices when selling such
- 4 property; and to provide severability.
- 5 Be it enacted by the people of the State of Nebraska,

1 Section 1. (1) For purposes of this section:

2 (a) Department means the Department of Economic Development;

3 (b) Director means the Director of Economic Development;

4 (c) High-poverty area means an area consisting of one or more
5 contiguous census tracts, as determined by the most recent federal
6 decennial census, which contain a percentage of persons with incomes
7 below the poverty line of greater than thirty percent, and all census
8 tracts contiguous to such tract or tracts, as determined by the most
9 recent federal decennial census;

10 (d) Market value means the fair market value of real property as
11 determined by an independent appraisal;

12 (e) Nonprofit economic development corporation means a corporation
13 that (i) is exempt from federal income taxation and (ii) engages in
14 economic development activities within this state; and

15 (f) Underutilized tax-exempt property means any real property in
16 this state that (i) is exempt from property taxes and (ii) is completely
17 undeveloped or contains deteriorating structures.

18 (2)(a) A nonprofit economic development corporation that owns or
19 acquires underutilized tax-exempt property located within a high-poverty
20 area shall develop such property within two years after the effective
21 date of this act or the date of acquiring such property, whichever is
22 later. Such development must:

23 (i) Increase the market value of the property by at least twenty-
24 five percent; and

25 (ii) Result in the creation of new jobs or the starting of a new
26 business on such property.

27 (b) The nonprofit economic development corporation shall
28 electronically submit a development plan for the underutilized tax-exempt
29 property to the department, the Clerk of the Legislature, and the
30 chairperson of the Urban Affairs Committee of the Legislature within
31 ninety days after the effective date of this act or the date of acquiring

1 the property, whichever is later. The development plan shall include a
2 description of the proposed development and an estimated timeline for
3 such development.

4 (c)(i) If a nonprofit economic development corporation fails to
5 develop the property within the two-year period described in subdivision
6 (a) of this subsection, the director shall, following notice and
7 opportunity for hearing in accordance with the Administrative Procedure
8 Act, impose a fine of five hundred thousand dollars.

9 (ii) If the failure to develop the property persists for twelve
10 months after the end of such two-year period, the director shall,
11 following notice and opportunity for hearing in accordance with the
12 Administrative Procedure Act, impose a fine of one million dollars.

13 (iii) If the failure to develop the property persists for twenty-
14 four months after the end of such two-year period, the director shall,
15 following notice and opportunity for hearing in accordance with the
16 Administrative Procedure Act, revoke the property tax exemption for the
17 underutilized tax-exempt property.

18 (3)(a) A nonprofit economic development corporation that owns or
19 acquires underutilized tax-exempt property located within a high-poverty
20 area shall not attempt to sell such property at a price that is more than
21 fifty percent above the market value for such property.

22 (b) If a nonprofit economic development corporation violates
23 subdivision (a) of this subsection, the director shall, following notice
24 and opportunity for hearing in accordance with the Administrative
25 Procedure Act, revoke the property tax exemption for the underutilized
26 tax-exempt property.

27 (4) All money collected as a fine under this section shall be
28 remitted to the State Treasurer for distribution in accordance with
29 Article VII, section 5, of the Constitution of Nebraska.

30 (5) The department may adopt and promulgate rules and regulations to
31 carry out this section.

1 Sec. 2. If any section in this act or any part of any section is
2 declared invalid or unconstitutional, the declaration shall not affect
3 the validity or constitutionality of the remaining portions.