

ONE HUNDRED SEVENTH LEGISLATURE - FIRST SESSION - 2021
COMMITTEE STATEMENT
LB181

Hearing Date: Friday February 19, 2021
Committee On: Revenue
Introducer: Linehan
One Liner: Change the Convention Center Facility Financing Assistance Act

Roll Call Vote - Final Committee Action:

Advanced to General File with amendment(s)

Vote Results:

Aye: 8 Senators Albrecht, Bostar, Briese, Flood, Friesen, Lindstrom, Linehan, Pahls

Nay:

Absent:

Present Not Voting:

Oral Testimony:

Proponents:

Senator Lou Ann Linehan
Stephen Curtiss
Rick Hoppe
Lynn Rex

Representing:

Introducer
City of Omaha
City of Ralston
League of Nebraska Municipalities

Opponents:

Representing:

Neutral:

Representing:

Submitted Written Testimony:

Proponents:

Jennifer Creager

Representing:

Greater Omaha Chamber

Opponents:

Representing:

Neutral:

Andy Pollock

Representing:

Nebraska Travel Association

Summary of purpose and/or changes:

LB181 would amend the Convention Center Facility Financing Assistance Act.

Currently, parking facilities must be onsite and directly connected to the convention center, for the use of the convention and meeting facility, in order to qualify for use of the state sales tax turn back. The new language would allow "nearby" parking facilities that are for the use of the convention and meeting facility, but are not directly connected to the facility, to qualify for

use of the state sales tax turn back. A "nearby parking facility" is defined as a parking lot, parking garage or parking structure that is within 600 yards of the convention and meeting facility, in whole or in part.

In addition, new language would increase the total amount of the sales tax turn back from \$75 million to \$150 million.

Explanation of amendments:

Summary of AM501:

The amendment replaces the original language in LB181.

AM501 makes certain procedural changes to the Property Tax Incentive Act under LB1107 (2020).

The language of LB1107 requires that the refundable income tax credit for school district property taxes paid must be distributed by pass-through entities in a particular manner. Specifically, it requires the credit to be allocated in the same proportion that income is distributed to the shareholders of a Subchapter S corporation, partners in a partnership, members of a limited liability company, or the beneficiaries of a trust or an estate.

This allocation method has become unfeasible for many of these entities. As a result, AM501 was filed to address the problematic filing method that currently exists. Rather than requiring pass-through entities to allocate the credit in this manner, it would allow them to do so for taxable years beginning or deemed to begin before January 1, 2021. This would address the current filing season.

For taxable years beginning or deemed to begin on or after January 1, 2021, the refundable credit is to be claimed at the entity level, rather than allocated to the shareholders, partners, members or beneficiaries.

Provisions are included to address fiscal year or short year taxpayers.

If any pass-through entity does not claim the credit at the entity level or allocate it as described in LB1107 for school property taxes paid in calendar year 2020, the credit may be claimed during the first taxable year beginning or deemed to begin on or after January 1, 2021 and before January 1, 2022, as permitted under subsection (3) of the amendment. This allows a one year "catch up" for pass-through entities.

The amendment contains the Emergency Clause.

AM501 to LB181 was heard on March 16, 2021, at 12:00 PM in Room 1524.

In-Person Testimony

Proponents:

- Senator Lou Ann Linehan, Introducer
- Tony Fulton, Nebraska Department of Revenue
- Joni Sundquist, Nebraska Society of CPAs
- Ryan Burger, Nebraska Society of CPAs

Opponents: -NONE-

Neutral: -NONE-

Written Submitted Testimony

-NONE-

Lou Ann Linehan, Chairperson