

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

May 10, 2005

LB 312, 500

going to stay an extra day to stay at the Mall of America. Bruce is the big draw, I got to admit. I was very tempted to go. But where was I last night? I wasn't in the car driving to see Bruce. I was with you all, and LB 312. Wanted to be going to Bruce, but I have a duty to do. But I don't...I could pass on Mall of America, but you know what? They're spending an extra day. They want to stay an extra day in one of the lodges that's around there, in one of the motels. It serves as a spin-off. Why? Because they'll drive that far for that entertainment and that tourism destination. Their second day isn't seeing one of the 10,000 lakes; it's seeing a mall. And there are people like that, and there's a lot of commercial activity, and states have been in the business of assisting them. Now is LB 500 a tax break? Well, is tax increment financing a tax break? Tax increment financing is where you take an income stream that would normally come into the General Fund, and you turn it back to create a specific project. Now normally in real estate TIF, which we have, it comes back for doing infrastructure that supports a development. But there's all kinds of TIF in all parts of the state, and we use it with the property tax income base, and we use it to support essentially infrastructure for developments. By the way, they're retail developments. TIF is used for retail all over the state. This is that concept, but it's not against the local tax base of real estate taxes. It's against the state sales tax base in the form of the sales tax. The underlying engine of LB 500 is this. It's a match. Local revenue bonds, which are not underwritten by cities or counties, but are issued by a city or a county, and those bonds are used to build parts of the structure, are used for the development project. Could be for parking lots, could be for buildings, could be for a lot of things that are very beneficial to the retailer. The retailer opens their doors, hires at minimum 150 people and spends \$20 million of their own but, believe me, they wind up hiring more and spending more. They stay open, they make sales. They take that money. The sales tax is used, in part, to pay off the bonds. Up to 75 percent of the sales tax is used to pay off the bonds. State intervenes, assists; the local government intervenes and assists; project winds up using money that, if the project was built without this, would come into the state General Fund. It is a diversion of that money, absolutely.