

Tribal Economic Development Committee
Interim Study Report
LR 547

Tribal Economic Development Committee Members

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One Hundred Fourth Legislature
Second Session
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I. Introduction

LR 547 was introduced by Senator Larson during the 2016 Legislative Session to further identify the issues and solutions relating to the purpose of LB 1104. LB 1104, the 2016 State-Tribal Relations Committee priority bill designation, was introduced by Senator Larson with the intent to promote economic development, growth, and stability relating specifically to the Native American reservations in the State of Nebraska.

II. Legislative Resolution 547

ONE HUNDRED FOURTH LEGISLATURE
SECOND SESSION
LEGISLATIVE RESOLUTION 547

Introduced by Larson, 40.
Read first time March 29, 2016
Committee: Executive Board

WHEREAS, the Legislature has a variety of tools that it can utilize to enhance economic development for the Native American population of Nebraska; and

WHEREAS, these tools include tax incentives, housing opportunities, grants, special education policies, and access to health care; and

WHEREAS, the Legislature would benefit from the advice and recommendations of the State-Tribal Relations Committee of the Legislature regarding the development of policies and refinements to existing laws that can be made to encourage and enhance economic development for the Native American population of Nebraska.

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE ONE HUNDRED FOURTH LEGISLATURE OF NEBRASKA, SECOND SESSION:

1. That the Legislature hereby calls for the Executive Board of the Legislative Council to meet forthwith and appoint a special committee of the Legislature to be known as the Tribal Economic Development Committee of the Legislature. The special committee shall consist of five members: The chairperson of the State-Tribal Relations Committee of the Legislature or his or her designee, the chairperson of the Appropriations Committee of the Legislature or his or her designee, the chairperson of the Revenue Committee or his or her designee, and two members of the Legislature selected by the Executive Board. The members of the special committee shall choose a chairperson from among the members of the committee.

2. That the Tribal Economic Development Committee shall conduct a study examining the policy tools available to the Legislature to enhance economic development for the Native American population of Nebraska.

3. That the Tribal Economic Development Committee shall consult with the members of the Education and Health and Human Services Committees of the Legislature in conducting this study.

4. That the Tribal Economic Development Committee shall formulate draft legislation and policy recommendations and issue a report with its findings and recommendations to the Legislature no later than December 15, 2016.

III. Recommendations

Native American Tribes have been uniquely challenged over the years, as it pertains to economic growth and development, therefore the following constitutes policy recommendations of the Tribal Economic Development Committee of the Legislature to promote economic stimulation among Native American reservations in Nebraska:

- Special economic impact zones targeting Native American reservations need be created:
 - Native American reservations face a unique challenge when it comes to attracting non-native businesses; a non-native business could potentially be taxed by three different governments (Federal, State, & Tribal).
- Definitions need to be created to provide distinctions of zones and qualified businesses. We recommend:
 - Qualified businesses should be new or expanding businesses, should not derive more than 5% of their income from the sale of agricultural grain, and does not engage in Class III gaming;
 - The zones should be confined to Native American reservations and Native American trust land.
- The special economic impact zones should be able to utilize the tax incentives to encourage the formation and expansion of businesses on reservations in this state. Some of the incentives that this committee recommends are:
 - Qualified business may, in calculating its income tax liability to the state, exclude any income derived during the taxable year from sources with a special economic impact zone;
 - Qualified business shall be exempt from the sales and use taxes due under the Nebraska Revenue Act of 1967 for the first ten million dollars of eligible purchases made each year for use within a special economic impact zone;
 - Qualified business receiving tax incentives under the Nebraska Advantage Act shall also be eligible to qualify for the tax incentives provided in the special economic impact zones;

- Non-native individuals who reside within the special economic zone should not be subject to Nebraska sales and uses taxes on qualifying purchases made outside the special economic zone. These qualifying purchases must be related housing construction for their personal residence.
- The State of Nebraska should work with federally recognized tribes to create revenue sharing agreements as it relates to sales and use taxes:
 - These agreements should require a tribal sales tax be imposed on both members and non-members of tribes;
 - The tribal tax should not be imposed on any transaction that is exempt from sales and use taxes under the Nebraska Revenue Act of 1967;
 - If a revenue sharing agreement is adopted, for any transaction subject to the tribal tax, the department shall not impose state sales and use taxes.
- Bonus points equal to 2% of the total number of points allowable, as it pertains to any federal low-income housing tax credits, should be awarded by the Nebraska Investment Finance Authority to any project located in a special economic impact zones, and new markets job growth investment tax credits should be a high priority in these special economic impact zones:
 - Housing, especially low-income housing, is scarce on Native American Reservations. This will help create more housing as well as added economic growth within the special economic zones;
 - The special economic zones will almost certainly always qualify as an area where the new market job growth credits could be utilized; and the committee feels that bonus points on these applications as well will further enhance the growth in the special economic zones.