

One Hundred Fourth Legislature - First Session - 2015

Introducer's Statement of Intent

LB538

Chairperson: Senator Mike Gloor

Committee: Revenue

Date of Hearing: February 25, 2015

The following constitutes the reasons for this bill and the purposes which are sought to be accomplished thereby:

LB 538 seeks to implement the recommendations of the Tax Incentive Evaluation Committee adopted during the 2014 LR 444 interim study. LB 538 creates a process for ongoing evaluation of Nebraska's existing and future tax incentive programs enacted for the purpose of recruitment or retention of businesses in Nebraska. The bill creates an evaluation structure that will produce information needed for lawmakers to draw clear conclusions about whether tax incentives are benefiting Nebraska's economy and meeting program goals. To that end, LB 538 requires the Legislative Audit Office to conduct a performance audit of each tax incentive program at least every three years. Each program will be evaluated to determine whether the goals established by the Legislature are being met.

Additionally, legislative performance auditors will analyze the economic and fiscal impacts of the tax incentive programs taking into account effects on businesses and state and local governments, economic development strategies, and the specific emphasis of individual programs. Upon completion of an audit, the results will be presented at a joint briefing of the Appropriations and Revenue committees.

The bill modifies sunset dates for specific tax incentive programs to allow the completion of a tax incentive performance audit before programs are set to expire. LB 538 also contains one technical correction to the Legislative Performance Audit Act: it removes a statutory requirement for draft audit reports be submitted electronically. Because draft audit reports are confidential, paper copies are preferred.

Principal Introducer: _____

**Senator Dan Watermeier, Chairperson
Legislative Performance Audit Committee**