

## ONE HUNDRED THIRD LEGISLATURE

## SECOND SESSION

**LEGISLATIVE RESOLUTION 444**

Introduced by Legislative Performance Audit Committee: Harms, 48,  
Chairperson; Adams, 24; Dubas, 34; Krist, 10; Mello, 5;  
Watermeier, 1; Wightman, 36.

WHEREAS, the Legislative Performance Audit Committee issued a report in February 2013 after examining Nebraska's business tax incentive programs; and

WHEREAS, the overarching finding of the audit conducted by the committee was that the program goals expressed by the Legislature in statute and during legislative debate are too general to permit a meaningful evaluation of whether the programs are accomplishing those goals; and

WHEREAS, the state has granted millions of dollars in tax refunds and credits to qualifying businesses, and the businesses using those incentives have invested millions of dollars in the state and have created new jobs, but it remains unclear how much of that business activity may have occurred without the tax incentives; and

WHEREAS, the initiation and development of an in-depth and ongoing system of review of Nebraska's tax incentive programs is needed to determine the value of those programs to the state.

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

1. The Tax Incentive Evaluation Committee is created as a special legislative committee and shall comprise:

- (a) The members of the Legislative Performance Audit Committee;
  - (b) The chairperson and vice-chairperson of the Appropriations Committee;
  - (c) The chairperson and vice-chairperson of the Revenue Committee;
- and
- (d) One other member of the Legislature selected by the Executive Board of the Legislative Council.

2. The chairperson of the Legislative Performance Audit Committee shall serve as the chairperson of the Tax Incentive Evaluation Committee, which shall meet as often as is deemed necessary in order to accomplish the objectives enumerated in this resolution.

3. In consultation with interested stakeholders, the Tax Incentive Evaluation Committee shall be tasked with, but not be limited to, developing recommendations for the following:

- (a) Specific and measurable goals for each tax incentive program, including the Nebraska Advantage Act, the Nebraska Advantage Rural Development Act, the Nebraska Advantage Microenterprise Tax Credit Act, the Nebraska Advantage Research and Development Act, the Beginning Farmer Tax Credit Act, and the Angel Investment Tax Credit Act;
- (b) A process for the regular evaluation of tax incentives;
- (c) Who should conduct the evaluations and what types of metrics should be used;
- (d) How often the evaluations should be conducted; and
- (e) Proposed legislation to put requirements for ongoing evaluations in statute.

4. The Tax Incentive Evaluation Committee may hold public hearings and shall issue a report to the Executive Board of the Legislative Council not later than December 15, 2014. The report may make any recommendations to update or restructure Nebraska's tax incentive programs, and include proposed language for any needed legislation. The committee shall also identify any areas on this subject requiring further study and analysis. The report to the Legislature shall be submitted electronically.