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Revenue Committee
February 02, 2007

[LB173 LB340 LB367 LB487 LB608]

The Committee on Revenue met at 1:30 p.m. on Friday, February 2, 2007, in Room 1524 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB367, LB608, LB340, LB487, and LB173. Senators present: Ray Janssen, Chairperson; Merton "Cap" Dierks, Vice Chairperson; Carroll Burling; Abbie Cornett; Chris Langemeier; Don Preister; Ron Raikes; and Tom White. Senators absent: None. [LB367]

SENATOR JANSSEN: Good afternoon, ladies and gentlemen. Welcome to the Revenue Committee. We are here today to hear one, two, three, four, five bills. The committee that we have with us today is, from my left, Senator Preister, to his right is Senator Burling, Senator Cornett, Senator Dierks, the vice chair of the committee, Senator Ron Raikes, Senator Langemeier, Senator White, and our committee clerk is Erma James. Speaking of Erma James, if you're going to testify today, please fill out the forms that are by each door in the rear of the room, and when you come up to testify drop them in that little box right by Erma, and she will see to it that you are down on the record as being a testifier. Please shut off your cell phones. Everyone has been real good about that so far this year. And when you come up to testify then drop that bill in there. We also have clipboards in the back of the room to sign if you do not wish to testify, but you want to let those people know who you are testifying for know that you were here. And we will follow the agenda as it's posted on the door outside. Oh, I'm Ray Janssen, happen to be the leader of this crew. And with that, I think I've covered all the bases. I have the first bill up which will be LB367 and I'll turn the chair over to Senator Dierks. [LB367]

SENATOR DIERKS: Thank you. Welcome to the committee, Senator Janssen and whenever you're ready. [LB367]

SENATOR JANSSEN: (Exhibit 1) It's a pleasure to be here. Well, I'm here this afternoon to testify on LB367. I think it will be just another option for us to look at this year. You remember on Wednesday we heard several bills that would cut the state income tax and three that would eliminate the state estate tax. The bills we heard yesterday were focused mostly on property tax. Income tax and the elimination of the estate tax are very popular in the business community and those interested in seeing a competitive advantage in creating jobs in our state. On the other hand, property taxes are what many of us have heard from our constituents, whether you were campaigning or almost anytime during the year and past years, this is what, in my opinion, people have spoke the most about. And I think it's going to be a popular tax for the Legislature to address this year. This particular bill is to remind us that there are other taxes. LB367 would cut the sales tax and the motor vehicle tax. While the tax cuts proposed by this bill may not be as popular as those heard earlier in the week, there are reasons, in my opinion, that this bill does make sense. According to Census Bureau data, in 2004,

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Nebraska ranked 14th in state and local sales tax collected as a percentage of the economy. The property tax burden ranks 19th and the income tax ranks 30th. So sales tax cut would improve Nebraska's competitive situation with respect to the tax where we rank the highest. A 2000 study using what is called a train model of tax impacts on Nebraska's economy showed that \$100 million in sales tax cuts grew the Nebraska economy more than \$100 million income tax cuts. This is only logical since most of the savings from the sales tax cuts would likely end up in increased consumption while much of the savings from income tax, those cuts, or estate tax elimination will end up being invested in a national security market. So the goal of all of this is to grow the Nebraska economy, we will still get more bang out of our buck from the sales tax cut than any other plan that are on the table. Moving motor vehicle taxes to that cut, the tax burden study produced by the Department of Finance in the District of Columbia compares auto taxes in Omaha compared to the largest city in every other state in the nation. Auto taxes combine the cost of licensing cars and the cost of gasoline taxes of operating cars. In this study, Omaha ranked 12th for a family of four with an adjusted gross income of \$50,000. For the \$75,000 family, Omaha ranked 14th. In both cases, we are again ranking higher in auto taxes than either property tax or sales tax. Specifically, LB367 would eliminate sales tax on construction labor for commercial properties. Second thing it would do would reduce the state sales tax rate from 5.5 percent to 5 percent. Third, would reduce the motor vehicle tax for most motor vehicles by about one-third. The bill would reduce state tax and local taxes more than \$200 million annually. The sales tax rate deduction would be a state tax reduction while the elimination of the sales tax on construction labor is both a state and a local reduction. These two cuts would reduce state tax by \$128 million annually. The elimination of the tax on construction labor would reduce local sales taxes to about \$2 million. Although, in my opinion, as we stated the other day, this doesn't...I don't like to use it in the total picture, because in my opinion, it never does stay with the state. The motor vehicle tax is defined by state law, but revenues is distributed exclusively to schools and cities and counties. LB367 would cut the local revenues about \$70 million. Sixty percent of that would be from schools, would be \$42 million, and much of that school portion would be replaced by increased state aid. And that's kind of the summary of the bill. If you've got any questions, I do have some statistics here. I don't know whether I've got enough copies of them to go around. I don't think so. But anyway, I'll give those to you in exec session if we have them. [LB367]

SENATOR DIERKS: Any questions for Senator Janssen? How about that? This ought to be the most popular bill we've had yet. [LB367]

SENATOR JANSSEN: I'll bet there will be more questions. You can count your stars on that, Senator. (Laughter) Okay, I'm going to take a seat off to the side... [LB367]

SENATOR DIERKS: Okay. [LB367]

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SENATOR JANSSEN: ...and let people say what they have to say. [LB367]

SENATOR DIERKS: First proponent. First person in favor of this legislation, please come up. Did Senator Janssen tell you that you should give us your name and then spell it for the record when you start out? [LB367]

MIKE HYBL: (Exhibit 2) Okay. Senator Dierks, members of the Revenue Committee, for the record, my name is Mike Hybl. That's spelled H-y-b-l. I'm appearing in front of you today on behalf of the Nebraska New Car and Truck Dealers Association at the request of Loy Todd who has asked me to read to you the association's position on the bill. On behalf of Nebraska's 217 franchised new car and truck dealers, we thank you for introducing LB367 and want to be on record in support of the bill. Nebraska's tax on motor vehicles has always been among the highest in the country. It is very difficult to make comparisons because taxes on motor vehicles are determined in a large variety of ways and vary greatly from location to location. The last time the association did a true national comparison, we found our taxes on new and used vehicles to range from 6th to 11th highest in the country. Our taxes were changed since that survey, yet remain high in comparison with our neighbors, Iowa and South Dakota. Depending on the vehicle, we can be as much as 50 percent higher than Iowa's tax, and South Dakota's tax is a fraction of Nebraska's with the highest possible tax on a new passenger car or truck being \$86 and going down annually after that. We find that the significant difference between Nebraska's motor vehicle tax and that of our neighbors to the north and east has resulted in some Nebraskans trying to avoid our taxes by illegally licensing their vehicles in those states. It is well known that if government wishes to encourage sale of a product, it can do so by reducing the tax on that product. Likewise, if the government wants to discourage the sale of a product it can do so effectively by increasing the tax on that item. The classic examples are sin taxes. The heavy taxation of motor vehicles discourages and slows sales, it encourages cheating, and it literally shocks new arrivals to our state. As the Legislature considers ways of reducing the tax burden on Nebraska's taxpayers, we believe that reducing the sales tax and the motor vehicle tax would benefit the greatest number of people and would be a substantial method of tax relief. And it's submitted by Loy Todd, the president and general counsel of the association. With that, Senator Dierks, I'd close my testimony and if there are any questions, try to answer them. [LB367]

SENATOR DIERKS: Thanks, Mike. Questions for Mike? Senator Raikes. [LB367]

SENATOR RAIKES: Mike, just to remind me, where do the proceeds from the motor vehicle tax end up in our scheme of things? [LB367]

MIKE HYBL: The motor vehicle tax is distributed back to schools, counties, and cities, I believe. [LB367]

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SENATOR RAIKES: Okay, so is there anything in the motor vehicle tax that would reduce revenues to the Highway Trust Fund? [LB367]

MIKE HYBL: Specifically on the motor vehicle tax, no. [LB367]

SENATOR RAIKES: Okay. [LB367]

MIKE HYBL: There is the portion of the bill that would reduce the sales tax and that would have the impact of impacting the Highway Allocation Fund back to cities and counties that half percent if that particular piece of the bill were to be enacted. [LB367]

SENATOR RAIKES: Okay, thank you. [LB367]

SENATOR DIERKS: Other questions for Mike? I guess not, thanks, Mike. [LB367]

MIKE HYBL: Okay, thank you. [LB367]

SENATOR DIERKS: You bet. Next proponent, please. [LB367]

WALTER RADCLIFFE: Mr. Chairman, members of the committee, my name is Walter Radcliffe, R-a-d-c-l-i-f-f-e, appearing before you today as a registered lobbyist on behalf of the Nebraska Realtors Association and the Nebraska Homebuilders Association, to reaffirm their support for the construction tax portion of this bill. With that, I'd be happy to attempt to answer any questions. [LB367]

SENATOR DIERKS: Thanks, Walt. Are there questions for Mr. Radcliffe? I see none, thank you very much. [LB367]

WALTER RADCLIFFE: Thank you. [LB367]

DICK JOHNSON: Senator and members of the committee, my name is Dick Johnson, J-o-h-n-s-o-n. I'm here today representing Associated Builders and Contractors, a statewide group of commercial and industrial builders. And once again, we are here today just to reaffirm the problems that we've had with the sales tax on construction labor and we're asking you to consider that and move forward with the reduction on the commercial construction labor. So any questions, I'd be happy to answer them. [LB367]

SENATOR DIERKS: Thank you. Are there any questions for Mr. Johnson? Senator Raikes. [LB367]

SENATOR RAIKES: Yes, the Legislature made changes at least once, maybe a couple of times on that provision, and with the notion that it greatly simplified the administration of that tax. [LB367]

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DICK JOHNSON: Well, I now have contractors after the change that was made last year, that are keeping two entirely separate different processes--one for their commercial side and one for the home building side. And a lot of contractors in our state work across the line of being, you know, homebuilders in one division and building commercial and industrial buildings in another division within their companies. This is from the small one or two man shop that does service work on, you know, Kawasaki, and also wires houses or puts furnaces in houses. And so now, you know, there's no construction labor on the home side, but on the commercial and industrial side, the sales tax on the construction labor still is in place. And so last year we were in front of the Legislature, you know, supporting the bill that was going to eliminate both of them. And as things turned out at the end of the session, the homeowners, the sales tax on construction labor was taken off the bill. But on the commercial and industrial side it is still there and the problems that we discussed last year and two years ago are probably even more magnified for our contractors. [LB367]

SENATOR RAIKES: I'm not sure I understand that. It almost sounds like the problem was eliminating homeowners, that that...or home construction...that if sales tax is collected on all of them, it's simpler... [LB367]

DICK JOHNSON: No, no, I'm sorry. I did not mean that at all. The sales tax on construction labor is a real problem for everything from, you know, increasing the cost of sales tax when it was on homes or to deal with that, as well as building commercial and industrial buildings within the state. When construction labor tax, you know, is added on to a million dollar project or even a half a million dollar project, you know, the sales tax when they can go to any of our neighbors and not pay the sales tax on the construction labor is going to cost more. We've always paid use tax on the materials that go in the buildings, and, not always, but you know, for the last 35 years. And so, you know, that's fine. But on construction labor, the sales tax was instituted 3.5 years ago and the recordkeeping that our people have tried to do, and the Department of Revenue when they come in to do our audits, are spending a ton of their time and a ton of our members' time, you know, trying to track ever single contract and all of the different ways that you have to either collect or have someone else collect the sales tax for you on the construction labor. It's really, you know, a messy process. [LB367]

SENATOR RAIKES: Isn't it true that most of the surrounding states tax construction labor? [LB367]

DICK JOHNSON: No, it is not. You know, I will send you, Senator, a list of the states that do construction labor on commercial industrial buildings. [LB367]

SENATOR RAIKES: Okay, I appreciate that. [LB367]

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SENATOR DIERKS: Other questions? I guess not, thank you very much. [LB367]

DICK JOHNSON: Thank you. [LB367]

SENATOR DIERKS: Next proponent, please. [LB367]

JEAN PETSCH: Good afternoon, Senators. I'm Jean Petsch, J-e-a-n P-e-t-s-c-h, and I'm here on behalf of the membership of the Associated General Contractors, the Nebraska Building Chapter. We also want to reaffirm our particular like for the portion of this bill that eliminates the sales tax on construction services. I won't repeat...we had extensive testimony back on Wednesday. I do have my key points here if I need to repeat them, but I appreciate you always being welcome to listen to our concerns. Thank you. [LB367]

SENATOR DIERKS: Thanks, Jean. Are there questions for Jean? Senator Langemeier. [LB367]

SENATOR LANGEMEIER: Thank you, Chairman Dierks. Thank you for your testimony. I'm just curious now. I know I've worked in the auto industry and usually the labor and the parts are about 50-50. In most construction projects, I know there's some that are more labor intense than others, and some are more high technical pieces of equipment so the labor is less, but on the average would they be 50-50 typically? [LB367]

JEAN PETSCH: I'm not sure if...I'm more versed in the automotive business myself. I think there's such a variation in the type of construction work. It's hard to just put a set amount. I've personally heard everything from some jobs being a 40-60 split, some being the opposite, you know. [LB367]

SENATOR LANGEMEIER: Sure, sure. [LB367]

JEAN PETSCH: So probably if you added them all together, maybe 50-50 would be the norm, but I truly cannot give you an exact. [LB367]

SENATOR LANGEMEIER: Just more out of curiosity. [LB367]

JEAN PETSCH: Yeah. [LB367]

SENATOR LANGEMEIER: Thank you very much. [LB367]

SENATOR DIERKS: Other questions for Jean? [LB367]

JEAN PETSCH: Thank you. [LB367]

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SENATOR DIERKS: If not, thank you very much. Next proponent. [LB367]

WILLIAM J. MUELLER: Mr. Chairman, members of the committee, my name is Bill Mueller, M-u-e-l-l-e-r. I appear here today on behalf of the Associated General Contractors Nebraska chapter, the National Electrical Contractors Association Nebraska chapter, the Eastern Nebraska Development Council, and the Nebraska Association of Commercial Property Owners to add the support of these groups to the elimination of the sales tax on construction labor on commercial properties. I don't know that I can add much more than what's already been said. These groups do support the repeal of what is left of the sales tax on construction labor. I'd be happy to answer any questions the committee may have. [LB367]

SENATOR DIERKS: Questions for Bill? No questions, Bill. Thanks for coming. [LB367]

WILLIAM J. MUELLER: Thank you. [LB367]

SENATOR DIERKS: Further proponents? [LB367]

MARY CAMPBELL: Chairman Dierks and members of the Revenue Committee. My name is Mary Campbell, C-a-m-p-b-e-l-l, representing AIA-Nebraska which is to say the licensed professional architects in the state. We just want to lend our support for the testimony that's preceded me for our partners in construction in removing this tax. [LB367]

SENATOR DIERKS: Thanks, Mary. [LB367]

MARY CAMPBELL: Thank you. [LB367]

SENATOR DIERKS: Questions for Mary? No questions, Mary. [LB367]

MARY CAMPBELL: Thank you. [LB367]

SENATOR DIERKS: Thank you. Further proponents, please. Are there other proponents? Is there anyone to testify in opposition? [LB367]

LARRY DIX: Senator Dierks, members of the committee, for the record, my name is Larry Dix, D-i-x. I'm executive director of the Nebraska Association of County Officials here today in a position opposed to this bill. Certainly we have no real position on the construction labor side of it, but we're very, very concerned about the motor vehicle side of it and I think probably understandably so. When you look at the loss of revenue, the fiscal impact that it would have to our counties in something like this. For the record, we understand and we feel the pain of the taxpayers that come to our courthouses to pay those motor vehicle taxes. I would tell you that when a lot of those folks show up at the

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courthouses, the biggest bill, of course, is the sales tax side of it on new cars. We also understand very, very well that you can go to neighboring states and possibly license your cars at a lesser rate. In fact, earlier in this session we had a bill introduced by Senator Fischer to try to look at that problem, stop that problem. That bill actually was heard in front of the Judiciary Committee. So it isn't as if the counties don't recognize that this is an issue. What we would state, though, is in the solution of the way this bill approaches the solution to that, certainly has a very, very detrimental impact on counties and our revenue stream. Many of you know, there are not a lot of revenue streams that counties have. Something like this, if we would lose the money, certainly the money from this on the reduction of the half cent sales tax is going to be a reduction to the Highway Allocation which, of course, is going to reduce money that is sent out to the counties specifically for use on the roads. And I know this committee has heard me testify before, if you get a group of county board members together the largest number of complaints they have is that people are not happy with the quality of the roads that we have today. This certainly would send it in the opposition direction. The other portion of that tax that is distributed to schools and cities and counties, certainly we understand the state aid formula that would, in essence, hold the schools harmless from a revenue point of view because they would have that made up. There's nothing in this bill that would assist the cities and the counties to make up that lost revenue. Even some counties maybe that aren't even too close to their levy limit, this would push them to the brink on that. So when we look at this, I've got to tell you, we understand the issue out there. We believe that if you're going to look at a huge way to handle all the revenues as opposed to just picking at a few here and there, we certainly would be happy to come to the table to discuss the full revenue stream and what we can do to help solve the problem, but we just don't believe this is the way to go about it. With that, I'd be happy to answer any questions anybody might have. [LB367]

SENATOR DIERKS: Thanks, Larry. Questions for Mr. Dix? I think not, thanks for coming, Larry. [LB367]

LARRY DIX: Thank you. [LB367]

SENATOR DIERKS: Further opponents? [LB367]

JACK CHELOHA: Good afternoon, Senator Dierks and members of the Revenue Committee. My name is Jack Cheloha, last name is spelled C-h-e-l-o-h-a. I'm the registered lobbyist for the city of Omaha. When I first took a look at LB367 a four-letter word came to mind and that word is ouch. This bill, basically, would be a triple whammy to cities and particular to the city of Omaha. So I'll try to tell you a little bit of how this would affect our bottom line and our budget. I'll start with the motor vehicle tax, per se. As Larry Dix talked about this bill has no way to make up the revenue that cities would lose under the current formula. With that, Omaha would suffer about a \$9 million hit to our general fund revenues based on what we receive on motor vehicles, and so

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obviously that hurts. That's at least, in terms of property tax, I think that's roughly about 4 cents or something like that, so that's quite a bit to make up. On the sales tax rate, if we lower that from 5.5 percent down to 5, the city of Omaha would lose money out of the Highway Allocation Fund, which last year, LB904 just placed that extra half cent off motor vehicles within the Highway Allocation Fund. So that's about a \$2 million loss to the city of Omaha. And then finally, as I talked on Wednesday, I think it was, relative to the sales tax on construction labor, if we repeal that that's about a \$500,000 hit. So roughly this bill alone would be about \$11.5 million in lost revenues that the only way we could make them up would be by an increase in property tax. In terms of talking a little bit more, I'd like to focus on that sales tax on the construction labor. Back in about 2001 or '02 when the state was feeling the effects of the recession, at that point cities received about \$18 million a year in state aid, and because we needed to cut our expenditures and likewise the Legislature looked at enhancing revenues in terms of tax increases. But in terms of cutting expenditures, state aid to cities was cut down, you know, from \$18 million roughly to a little over \$11 million, and then the Governor's current budget it's still funded only at that 11--I forget what it is--\$11.6, \$11.5 million exactly the same as it was last year. It's a zero percent increase. And so we're sympathetic to, you know, the businesses that have to administer this, but if we're going to extend that exemption we'd ask for some type of enhancement to make up that lost revenue for cities, to maybe somehow get back to the rates that we were receiving prior to this most recent recession. And so for those reasons we're opposed to LB367 and I'll try to answer any questions. [LB367]

SENATOR DIERKS: Thank you, Jack. Questions for Mr. Cheloha? No questions, thanks, Jack. [LB367]

JACK CHELOHA: Great. Thank you. [LB367]

LYNN REX: Senator Dierks, members of the committee, my name is Lynn Rex, representing the League of Nebraska Municipalities, and for the reasons that have already been stated by Larry Dix and Jack Cheloha, we're very concerned about this bill. It would simply result in a shift on property taxes. We already have over 240 cities of the 532 that are already up against the 45 cent maximum levy and they have no place to go. We even have some cities that can't even raise the money to spend what you've already authorized as a lid on 2.5 percent. So I'd be happy to answer any questions, but we oppose the bill, especially the parts that relate to motor vehicle sales tax and motor vehicle registration. [LB367]

SENATOR DIERKS: Thank you, Lynn. [LB367]

LYNN REX: Thank you. [LB367]

SENATOR DIERKS: Are there questions? Lynn, I might just throw something out to

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you. I've had some phone calls from some budget developers in my district, and they're concerned about the number of license plates on vehicles that are state license plates and they don't have to pay taxes on them. Is there anybody in your group that acts as a watchdog for that to know whether these people actually deserve to have those type of license plates? Is that something that anybody looks at? [LB367]

LYNN REX: Senator, are you talking about, for example, state of Nebraska license plates as in state government? [LB367]

SENATOR DIERKS: Exempt taxes, yeah. [LB367]

LYNN REX: I do know that periodically police look into those and make sure that actually the person that has them is supposed to have them. I don't know that they have any real enforcement authority, but I know that the Transportation Committee is looking at a number of issues relative to this, especially in terms of folks that register their vehicles in other states, and how that impacts our whole area. But I don't think that we have anybody systematically going out doing that, no. [LB367]

SENATOR DIERKS: Okay, thank you. [LB367]

LYNN REX: Thank you very much. Thanks for your time. [LB367]

SENATOR DIERKS: Further opponents, please. Anyone else in opposition? Is there anyone in a neutral position on this bill? Anyone neutral? Senator Janssen, would you like to close? Senator Janssen waives closing. That closes the testimony on LB367 and the hearing. Our next bill is LB608, Senator Raikes. You can wait until the boss gets here. [LB367]

SENATOR RAIKES: (Exhibit 3, 4, and 5) Okay, I'll hang on here. Senator Janssen, members of the Revenue Committee, Ron Raikes, District 25, here to introduce LB608. This bill would reduce the state sales tax rate to 5 percent effective July 1. This then is in a sense one-third, actually monetarily more than one-third, but it's one-third of the proposal our noble chairman just presented. And I would tell you, I'm going to give you a little more background on this, but so there's one part that obviously Ray and I agree on. There's one part that I'm, if I don't agree I'm at least sympathetic, and that would be the motor vehicle tax. There's one part that we adamantly disagree on and that would be the elimination of the sales tax on construction labor, and hopefully I'll get to that a little bit more. But the reasons I bring you this bill, first, it keeps a promise. I think Senator Dierks I believe you were here at the time we raised the sales tax from 5 to 5.5 percent, am I not correct? [LB608]

SENATOR DIERKS: I believe so. [LB608]

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SENATOR RAIKES: And I know that Don and Ray were here and Carroll, I think you were here at that time, too. When we were faced with that situation, I think you'll remember that we all agreed that it was painful to raise the sales tax and that at the first opportunity we got we were going to lower it back down to the 5 percent level. And in fact, the way that bill was originally offered, there was a sunset. I think, if I'm not mistaken, it was either one year or two year of 5.5 percent, and then it was going to go back to 5. As it turned out, the sunset got eliminated because our wishes for a rejuvenated revenue stream did not materialize. So we simply had no choice but to continue the higher rate. There seems to be widespread agreement now that times are better and although we've had all kinds of tax cuts, until today nobody's really had much mention of lowering the sales tax rate. This bill would keep the promise that we made back at that time which is something I don't think we should forget about. I'm not...we don't have to dwell on it, but it was a promise and I think that's part of it. The bigger reason, though, is that I think that in the situation we're in now this is good state tax policy to lower the sales tax rate. Over the summer, actually in connection with Senator Burling's tax committee work, we compiled some information on our tax burden in the state. The sources are the Tax Foundation and the D.C. Tax Study. We used that information to compile an index for each major tax program--sales, income, and property. We calculated an overall score for the index based on the sum of each state's ranking and then ranked the states according to that score. Well, this is not a sophisticated analysis. It did offer us a base from which to compare tax program. The results were somewhat surprising. As you can see from the handouts, Nebraska's highest total index ranking for the three programs was for sales tax, not property tax. In terms of the amount paid, which is different on each tax, property tax was the highest at \$1,148 per capita. Surprisingly, though, state and local per capita sales tax collections weren't far behind at \$1,007 for the same year. So even though it is rough analysis, it does give some indication that our sales tax burden is actually quite high. Another issue to keep in mind is that sales tax, like property tax, is a fairly regressive form of taxation. Whether you're rich or poor you pay the same tax rates on goods or services that are subject to the tax, thus, the argument that you've heard recently for property tax relief applies here as well. Sales tax cuts would provide greater benefit to the low income citizens than would a cut in income taxes which is based on a progressive rate structure. Sales tax may be even more regressive than property tax because of it's base, however, it's possible to address the progressiveness of the sales tax structure without lowering the overall revenue to the state. You do that by combining the lower rate proposed in this bill with an at least same, if not expanded, base. While the sales tax has expanded in recent years to include more service, it is still primarily a tax on goods. Broadening the base to include more services which in many cases are used more heavily by higher income taxpayers would allow for a shift in the tax burden. And if you balance the reduction in the rate with expansion of the base, the overall fiscal impact is neutral. In addition to bringing added progressivity to the sales tax, broadening the base allows for a better reflection of the economic activity that is occurring in our state. This, I think, makes for a better and more equitable tax policy. And I would note

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and underscore the comments that Senator Janssen made about the effect of the sales tax on economic activity in the state, a reduction in sales tax, as compared to the other taxes, because I think that's a very important consideration also. [LB608]

SENATOR JANSSEN: Any questions? Not a one. Proponents? Opponents? Anyone in a neutral capacity? Senator, would you like to waive closing? That ends the hearing on LB608 and we move on to Senator Wightman. We'll stand at ease until Senator Wightman gets here. You're up, Senator Wightman. [LB608]

SENATOR WIGHTMAN: (Exhibit 6, 7, and 8) Chairman Janssen, members of the Revenue Committee, I'm here to introduce to you LB340. [LB340]

SENATOR JANSSEN: Would you state your name for the record, please? [LB340]

SENATOR WIGHTMAN: Thank you. John Wightman, representing the 36th Legislative District. This bill would implement, introduce, whatever, a local option income tax. The bill provides a local school district a local system or learning community, the ability to impose a local income tax to pay for a portion of the cost of bond payments on school capital construction. The rate of the local income tax would be set as a portion of the taxpayers' of Nebraska income tax liability, but not to exceed 15 percent. Now that figure is not magic and could be changed, but as of right now if you owed \$5,000 state income tax you would have a \$750 local tax to support the local school bond issue. The tax could be imposed only after approval of the bond and voter approval of the local income tax. The tax would terminate upon either a set date with a sunset division...or a sunset provision in it, or upon the final payment due under the bonds, or by a vote of the electors in the school district. Now, I think that would take an unusual situation to look at a local election voting that out and it might be if a sunset date was set that wouldn't be possible, because it might affect financing of the bond indebtedness. The strengths of the local income tax are, I think, fairly obvious. You have heard throughout this session that we ought to shift taxes away from property onto income or at least to the state, which can only come, basically, from state income taxes or from state sales taxes. Here's a chance to let the people of the local district step up to bat, you know. If they really want a shift, isn't this a better system of shifting it within the district than shifting it from one tax entity to another. And I say this, saying that it's awful easy to say we'll let the state pay it. It's a lot bigger, it's got more resources. But the fact is if everybody shifts to the state, that's not a very good answer either. This gives the people of a local district the chance to make that decision for themselves and not pass it on to a larger body. I think it has a lot of merit, too, for that reason. So it's a tool to the community to reduce it's own property taxes to pay for it's own school improvements. It's, as I say, an alternative to state funds for property tax relief which merely transfers a local liability to the state of Nebraska. Other bills have been introduced to limit local property taxes, but LB340 will limit its scope to school capital construction. It offers dual protections as far as the voter of the district, because number one, they have to pass the school bond

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issue for it to be in effect. Number two, it has to also pass on its own, the local option. So it really does do things. It allows the school to spread its cost to bond issues on the basis of the ability to pay. And I'll give you three examples why I would say that income is a much better indicator of ability to pay than property tax. I'll give you three scenarios. One farmer, for example--we'll talk farmers because I represent a farm district, as do a number of you--but one farmer own \$2 million worth of real estate. That's really not a big farm by today's standards. He has no debt against it. Another farmer owns \$2 million worth of real estate. We'll use what might be within the range of normal financing. He owes \$1.2 million against it--60 percent. Both of them pay exactly the same property tax, but is their ability to pay the same? It isn't even close. Now let's take a third example that doesn't involve a farmer, but is in the same district. Here's that somebody that has, let's say, \$3 million or \$5 million worth of portfolio holdings whether it be stocks, bonds, mutual funds, whatever it may be, and he has a \$200,000 home. He has a tremendous amount of ability to pay with all of the income from his investments, but he isn't paying anything except on the \$200,000. So the farmer who owns \$2 million, if we use 1.5 percent, then it's probably a little less than that with the 75 percent taxing ratio right now on farm real estate, let's say it's \$2 million and it's \$1.5 million of assessed valuation. He's probably going to owe 1.5 percent on that. I haven't calculated it, but I guess it's about \$52,500. The guy that has \$1.2 million is also going to owe \$52,500, but the guy that has \$5 million worth of income from portfolio holdings is going to pay on his \$200,000 home, we'll assume it's in the city, and he may owe 2 percent. So he's going to owe \$4,000 compared to the \$52,500 that each of the farmers are going to pay. So I can tell you that out in our area, and I noticed that a number of you represent a lot of rural constituents, there's a tremendous amount of difference in ability to pay, and yet, the one who has the greatest ability to pay is paying under 10 percent of what the farmer that has the \$2 million of real estate is paying. So I know you're going to hear one or two other bills that are similar in nature to this one that would provide for a local option income tax. Some of the things I think that are...this particular bill, LB340, had to offer that perhaps are lacking in the others, number one, is that there's a dual protection if we limit it to only construction bond issues. I think maybe as a starting step, and I have no objection to broadening that, but I just think maybe the opportunity to pass this is better. We've got the dual protection if they get two votes. Number one, they have to vote the bond issue in. Number two, they also have to vote for the local option income tax where if you provide for other financing, you're only going to be allowed one of those two protections. Another thing that I'd like to discuss with you a little bit is the fiscal note that is attached, and I talked to Cathy Lang from the Property Tax Assessment Division, and they're going to show a fiscal note of over a million dollars. Now she was basing that, and she'll explain this better than I can, but she was basing that upon the fact that we were talking about the entire population of the state of Nebraska. She's had an opportunity to review that more and really only according to her figures, they sound low to me, that only four or five bond issues are passed in the state of Nebraska in a normal year. So we would implement this very slowly under this particular plan. And I think Cathy will tell you that under this you will have a very, very

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low fiscal impact if we limit it to bond issues. Now it's going to grow over a period of time because those bond issues may be a 10-year bond issue and that's going to continue for 10 years. So if you had five or ten the first year, or three or four, whatever it is, over a period of 10 years that could grow to 10 times that number, but it does allow at least the cost to be kind of phased in as far as the state of Nebraska is concerned. Is there any history for doing this in other areas? There certainly is. Iowa is probably the closest, and we've passed around some documents that would show, but Iowa has one very similar to what we're asking be passed here today, and most of the school districts have adopted it. Now I can't tell you whether I think at the present time it would include things other than bonded indebtedness, but I still think that might be the better way to phase this in, but I would favor anything that you would do and I know my constituents would, whether it be broadening it beyond bond issues or whether it be limited to bond issues. Now I have an amendment that we passed around here and it addresses state aid, concerns of schools, as well as relating to the use of the local option income tax for debt service only. And we say that it would be only for the payment of principle and interest on bonded indebtedness. The other thing, one of the other bills that you are going to be considering is one that limited the Department of Revenue's enforcement efforts here, and we would be very willing--we don't have that as an amendment right now because the issue only came up today--we would be very willing to say that withholding wouldn't have to take place on this, that it could be added on at the time of the final payment. And I think it would lessen substantially the amount of work that the Revenue Department would have to do and enforcement of this. So that there wouldn't be any necessity of withholding it out of income taxes. I think it is important that we phase it in slowly so that the cost to the state of implementing this system, would be limited. So I've submitted some documents that we'd like you to take a look at. The exhibit 1 talks about 13 states with local income tax. As I say, Iowa is probably the closest. Missouri also has a state income tax, but I think theirs is used primarily for cities rather than for school districts. So it's really not as close to what we're looking at in this situation. Exhibit 2 shows the bond debt service disbursements financial report. You can look at that for what it's worth. But I do think we would want to wait, and we would be glad to furnish the committee with more information as far as a revised fiscal note after they've had an opportunity, the Revenue Department, and our fiscal analyst to look at exactly what would be entailed, but I'm thinking that it will be considerably less than the alternative bill and I think it only shows \$300,000 or \$400,000, but this would be phased in so much more slowly that that one would have been looking at the entire population of the state and all of the tax returns that are filed here. You're going to be looking at maybe not more than 5-10 school districts in the first year. With that being said I guess I would entertain any questions that any of you might have. I admit that this will be a great departure from the way we've handled it, but it does allow the local entity to make the decision on how they want to be taxed, instead of shifting all that liability to the state with the budget restraints that we do have here at the state level. [LB340]

SENATOR JANSSEN: Any questions? [LB340]

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SENATOR WHITE: Senator, have you talked to any of the local officials in your district? Would they seriously look at implementing this kind of a tax reform? [LB340]

SENATOR WIGHTMAN: I've talked to both school board members and to farmers within the district, and I can assure you that farmers everywhere will look at a great deal of interest in this bill, and some of the farm groups have already...they may be here in support of one or more of the bills, but I know the Farm Bureau has indicated support for, I think, either of the two bills, I think the Cattlemen are likewise interested. So there is a lot of interest in it. I think it may well be that it would be used more in rural areas. I don't think you would see the shift of who's paying the bill as much, probably, in the urban areas as you do the rural areas, but I think it's still substantial. [LB340]

SENATOR JANSSEN: Senator, have you ever thought of, or maybe you have thought of this and maybe it's in the bill, I haven't read it. Could you use both the income tax and the property tax on... [LB340]

SENATOR WIGHTMAN: Absolutely. I think we would have to, Senator, because I think that in order to get any kind of rate on these bonds and to have them, they're going to look at the total valuation of the school district. So I'm looking at this as though the property would still have the ultimate liability for this bond issue, but this would just be the alternative method of paying it. And if it falls short, which I think it will, I don't think we're going to be looking at funding all this bond issue with the income tax, but I don't think there are any accurate figures either as to how much this is going to produce in the way of dollars. It may well fund some of the smaller bond issues entirely without having to look at the property tax at all, but I think you still have to have the property tax as a base for purposes of valuation or evaluation of the bonds. [LB340]

SENATOR JANSSEN: Um-hum. Well, to me I would think that that would get away from the argument that only the person who is making a big income and is not paying as much property tax as the landowner. So if you could use proportionately the same amount, same percentage from property tax and income tax, so 50 percent from one, 50 percent from the other. That would take away the argument of the landowner who says I don't make any money, but I pay a lot of property tax. Well, then you would hit them at a 50 percent of the liability for any bonded indebtedness, and 50 percent from the income tax. [LB340]

SENATOR WIGHTMAN: And I agree. That probably would be ideal, whether the percentages would be 50-50 I don't know, but... [LB340]

SENATOR JANSSEN: Yeah, you'd have to look at it, you know. And each district would quite possibly be different. As you said the urban districts property tax is not quite as much as what the income tax would be. [LB340]

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SENATOR WIGHTMAN: In answering your question, in part at least, we have left that open to the school boards, the board of education, to submit this issue to the electorate and they can set it at anywhere. Now I think for sake of operation it may be that that would be divided into .05, .10, or .15, rather than to say well, we're going to submit a tax rate of .087 percent. You know, I just think there would be more questions and people would have more difficulty in figuring it out. So I would expect that to break down into maybe three different increments that it could be submitted to the voters on, but that's not to say it couldn't be unless the bill was amended that it couldn't be .087, .0087, or whatever of the state tax liability. It can't exceed .15, but the board of education would have the ability to frame that election issue and submit it at whatever figure they wanted to, and I would think one of the methods might be not to shift all of the tax burden on this bond issue from property to income. But remember the operation would still be being paying by the property tax under my proposal. [LB340]

SENATOR JANSSEN: Um-hum, okay. Senator Langemeier. [LB340]

SENATOR LANGEMEIER: Thank you, Chairman Janssen and thank you, Senator Wightman. You made a comment about the "problematicness" of getting this money collected, and you suggested maybe pay it all at once. For clarification, were you talking about paying it at April when you do your taxes or taking it and avoiding having to take it from paycheck to paycheck to paycheck? [LB340]

SENATOR WIGHTMAN: Well, out in our area we will see a lot of, probably more maybe than statewide, we would see more estimates, a lot more farm returns in which they are all paid in April anyway, but certainly you're right that there would be many of them. We're looking at paying it all in April. At least that option being open and there would not be a penalty to pay it in that manner. That there would be no penalty for not including it in your estimate. [LB340]

SENATOR LANGEMEIER: All right. Thank you. [LB340]

SENATOR JANSSEN: Senator Raikes. [LB340]

SENATOR RAIKES: Senator Wightman, it's an interesting idea and as I understand this now, we would have differences in the income tax rates between school districts. [LB340]

SENATOR WIGHTMAN: Right. [LB340]

SENATOR RAIKES: And told by several people, among them the Governor, that the reason people leave the state or don't stick around or whatever is our income tax rate is higher than other states. So are we going to have people, particularly high income

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people, choosing the school district based on where there's a building need and therefore a higher income tax? [LB340]

SENATOR WIGHTMAN: Well, according to, it can only be 15 percent of the state rate, we probably would not be using up even at the local level, the amount that the Governor is suggesting be cut from the income tax and it would be for a limited period of time, but it is true that it would add on to what the state rate is. [LB340]

SENATOR RAIKES: Well, you know, we already have a statewide income tax structure which you're using. Would an alternative be to collect the income tax at the statewide level, like we do now, and then have the state cost share with individual school districts on building needs within that school district rather than going to an individual income tax or a local income tax? [LB340]

SENATOR WIGHTMAN: Well, I think it would be but it still shifts a burden to all of the populous of the state rather than leaving it with the entity that decides they're going to pass the school bond issue. So at least the people who elect to pass the school bond issue are the same ones that are making the payment, whether it's a property tax, it's just a shifting of that tax burden better, I think, following the ability to pay much more closely. I think many of the objections that we have to shifting it onto a larger entity, which is one of the discussions you hear, obviously, when you shift the burden from the local government to the state, and if you're going to levy that tax throughout the state of Nebraska, that's what you're doing. Where you're not doing it here. You're leaving that burden within the district, but you're just reallocating the share of the taxes they're paying. [LB340]

SENATOR RAIKES: Although we do share school district operating expenses. [LB340]

SENATOR WIGHTMAN: I agree. [LB340]

SENATOR RAIKES: Yeah. [LB340]

SENATOR WIGHTMAN: And I would have no real problem with that. I think that you eliminate some of the problems that are raised in tax shifting when you leave the tax liability at the same entity level that decided to have the expenditure is all. [LB340]

SENATOR RAIKES: Okay, thanks. [LB340]

SENATOR JANSSEN: Any other questions? Seeing none, thank you, Senator. [LB340]

SENATOR WIGHTMAN: Thank you. [LB340]

SENATOR JANSSEN: Intriguing idea. We have proponents? [LB340]

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BRIAN HALE: Senator Janssen, members of the committee, my name is Brian Hale, H-a-l-e, representing the Nebraska Association of School Boards. We wanted to make sure that we got in and expressed our support of this or any similar notion to give school boards some more flexibility to address some of the building needs that may come up in all shapes and sizes, the school districts around the state. I have tracked, on behalf of the school board's association, the school bond issue results over the last 16 years. Under the current system, it's just a little better than a 50-50 proposition for school boards to propose a bond issue to their community and get them to support that with the property tax. And I know in some percentage of those results that come back negatively the issue is not does the school really need the facility, do they really need to improve and update what they provide for their students, but it's simply the placing the additional burden on the property tax to accomplish what, generally, the community decides is right. So having the opportunity to provide alternatives, and this will fit different communities differently depending on their makeup, is something that we would eagerly entertain and would urge you to support this bill as well. [LB340]

SENATOR JANSSEN: Any questions? I don't see any, thank you, Brian, for being here. Next proponent? [LB340]

JAY REMPE: Senator Janssen, members of the committee, my name is Jay Rempe, R-e-m-p-e, state director of governmental relations for Nebraska Farm Bureau, here today in support of LB340. We've come before you over the last day or two with a litany of frustrations with the property tax. Let me add one more to that list. One of the things we often hear from our members are concerns about when it comes to both bond issues and levy overrides with school districts, is when you look at a lot of the rural school districts, agricultural land base makes up the majority of the valuation base in a school district, yet in terms of population they're in a minority. So we have a majority paying the taxes, but in the minority they don't have the voting power. And so oftentimes we hear complaints about when a bond issue does pass or a levy override that the people that are paying the most of it aren't the ones voting for it. And so this bill and the next bill get at that issue and would probably spread the burden a little more and put the power of the vote with the effect of the vote with the taxation. So for that reason we support this bill and Senator Wightman indicated there are other states that do something similar like Iowa and some others, and so it's not an untried or completely novel idea and so we'd certainly support the bill. In years passed when these issues have come up before the committee, there's always been some concerns expressed about well, in some districts it wouldn't help much, because they're low income districts as well. And so if you tried to levy an income tax you're not going to generate much and I guess, counter to that would be well, how do you expect them to pay for the property tax, too, if the low income...I think that goes somewhat to some of the issues we have with funding schools more than it does to this bill. So with that, I would be happy to answer any questions you might have. [LB340]

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SENATOR JANSSEN: Senator Langemeier. [LB340]

SENATOR LANGEMEIER: Senator Janssen, thank you. Thank you, Jay. We've talked about the challenges and maybe enforcing that. How do you see this happen if I live in a community for three months, they pass this, and then I move out of the district because I really don't want my income tax on it. I was part of the 49 percent that lost in the vote, and I move out. [LB340]

JAY REMPE: Um-hum. [LB340]

SENATOR LANGEMEIER: What liability am I going to still owe there or how are you going to track where I ended up living? I can go make my residence in whatever school district doesn't have one of these. I don't think you can track this to say you owe this portion and that portion. How do you perceive that happening? [LB340]

JAY REMPE: Yeah, I think you'd have to try to put in some kind of a mechanism or procedures to define where you live a majority of the time, like we do on the income tax today, I would suspect. It would be very similar that somehow we track that income to collect it at the state level, I think we could come up with some similar mechanisms at the local level as well. [LB340]

SENATOR LANGEMEIER: Thank you. [LB340]

SENATOR JANSSEN: Senator Cornett. [LB340]

SENATOR CORNETT: Senator Langemeier's question was very close to what mine was going to be. Currently, under state law if you vote to pass a bond issue in your district, and you move or that district is eaten by another district, whatever you want to say, the bond issue follows the home, the taxation, which is, that something that you would recommend? That it follow the actual residence? And then how would that be disclosed to the person looking at purchasing, whether it would be income or...do you understand the quandary here? [LB340]

JAY REMPE: Yeah, I understand what you're saying and, yeah, it's frankly not an issue I had thought about. It's a good question and I'd have to give it some thought. [LB340]

SENATOR CORNETT: Because I think currently it follows the property, regardless of, I mean, if that district is eaten by another district and they have a bond issue that residence still keeps that bond issue. [LB340]

JAY REMPE: Um-hum. Yeah. So the issue is if that person moves out of the district with that income do you follow that income or does somebody... [LB340]

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SENATOR CORNETT: Do you follow the income? Do you go back to the property?
[LB340]

JAY REMPE: Yeah. [LB340]

SENATOR CORNETT: Is it the next person who moves in? Will it be their income taxes that are taxed or will it be their property tax? [LB340]

JAY REMPE: Yeah. You raise a good issue and I, frankly, hadn't thought of that. Maybe that's something we could look into at other states to see how they do that, that have tried something like this. [LB340]

SENATOR CORNETT: Thank you. [LB340]

SENATOR JANSSEN: Any other questions? Thank you, Jay. Any other proponents?
[LB340]

PETE McClymont: Senator Janssen, members of the committee, I'm Pete McClymont, P-e-t-e M-c-c-l-y-m-o-n-t. I'm the vice president of legislative affairs for Nebraska Cattlemen and I, too, am here for our association to support LB340. I think quickly, I won't be redundant, the benefits I see in this bill for our members and people in the rural parts of the state is local control, local approval, and hopefully the net result would be not higher property taxes. So I would conclude my testimony and be happy to answer any questions, Senator Janssen. [LB340]

SENATOR JANSSEN: Any question? Senator Langemeier. [LB340]

SENATOR LANGEMEIER: Thank you, Chairman Janssen, and thank you for coming in. In a feedlot situation, where you don't have a lot of ground, your property tax liability is fairly high because of the equipment and some of those other permanent structures on there, but yet the cattle industry and the feedlot industry has made some monumental money in the last two years. It's not so much right today. I'd want to limit your ownership of cattle today. Would not an income tax structure on that facility be more detrimental than on the primary facility of the feedlot? [LB340]

PETE McClymont: Possibly. I will also remind you we can go back many years where we've seen plenty of red ink and we can offset that question that you've got me with and show those years in the past. So, but it's a good point. [LB340]

SENATOR LANGEMEIER: I can show you my own tax return grief like that. Thank you.
[LB340]

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PETE McCLYMONT: Thanks. [LB340]

SENATOR JANSSEN: Any other questions? Seeing none, thank you, Pete. [LB340]

PETE McCLYMONT: Thank you. [LB340]

SENATOR JANSSEN: Next proponent, please. Opponents. Neutral? Oh, I'm sorry. Are you an opponent, John? [LB340]

JOHN K. HANSEN: Yes. [LB340]

SENATOR JANSSEN: Okay. We go kind of quick, John. So you're going to have to jump when you hear that. [LB340]

JOHN K. HANSEN: And I'm kind of slow. [LB340]

SENATOR JANSSEN: It won't get any better. [LB340]

JOHN K. HANSEN: Mr. Chairman, members of the committee, for the record, my name is John K. Hansen, H-a-n-s-e-n. I'm president of the Nebraska Farmers Union. I appear before you today, as president and also our lobbyist. This is not a new issue. In the 17 years I've been doing this, this issue comes forward repeatedly and has every so many years. And I know it was an old issue 17 years ago when I showed up on the scene. And there are some very good reasons why we haven't gone forward with this particular approach in the past, and some of those reasons that come to mind is that it is a very difficult thing to administer, number one. Two, when you look at the income distribution across the state of Nebraska, and you look at where the actual income is and how many counties in the state that this kind of approach works for, it's only about a third of the counties that have the kind of broad based income where this approach makes much sense. And when you get past that, you end up with a mechanism that helps those third of the counties in the state deal with the financing of either capital or operation for schools, but the rest of the counties don't have enough income when you look at it, that you have to raise the income rate so high that you pretty much herd all of the professional folks in that county out of the county quickly. It just doesn't work. So a lot of folks who don't understand the demographics of where the income is, find that this approach doesn't work nearly as well as they thought it did when they find out how poor their county actually is. And so in my view, this particular approach is problematic in that anytime you create a cure or a remedy for some counties, but not others, or districts and not others, then you've created an inequity. So then the underlying problem of what happens to the counties where it doesn't work or the school districts where it doesn't work, what about them? And I would suggest that the underlying problem really does go back to the funding of education. That's really where the problem began and all of the arguments in favor of income and that being more fair, we're in agreement with all of

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that. We just think that the place to do it is to increase income and sales taxes at the state level for the funding of K-12 education in the first place. And have less reliance on property taxes, generally. Thank you and I'll be glad to answer any questions if I could. [LB340]

SENATOR JANSSEN: Senator Raikes. [LB340]

SENATOR RAIKES: John, so focusing on the specific issue of school buildings not operating, if you will. What's the best way to do that? [LB340]

JOHN K. HANSEN: I still think that as bad as it is, I think property is better than income tax approach on that in most situations. [LB340]

SENATOR RAIKES: What about state aid for school buildings? As you know, we don't have any state aid for buildings now. [LB340]

JOHN K. HANSEN: We do not. And so, you know, the problem of capital construction is always a problem. And so part of the problem is that we use up so much of the local tax base for operation, that then when you have to come back to it for capital, it's already overburdened. [LB340]

SENATOR RAIKES: I didn't hear an answer there. (Laughter) [LB340]

JOHN K. HANSEN: Well, increase state aid to education, I believe, is the answer. So that there is, in fact, more availability of the local property tax base when you get to capital construction issues. [LB340]

SENATOR RAIKES: Okay. [LB340]

JOHN K. HANSEN: I mean, to me it's a chain reaction problem of multiple events that get set off when you don't adequately fund K-12 education in the first place. [LB340]

SENATOR RAIKES: Okay. [LB340]

SENATOR JANSSEN: Any other questions? John, I noticed on the list of states that has some type of an income tax, Iowa, which is our close neighbor, do impose an income tax surcharge up 20 percent of the individual income tax. I don't know how long they've had this. Would your counterparts in Iowa, have they mentioned this to you? [LB340]

JOHN K. HANSEN: They have not. I'd be glad to make some inquiries about that. [LB340]

SENATOR JANSSEN: If you could. Um-hum. [LB340]

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JOHN K. HANSEN: But this is an issue that gets discussed in my state organization all the time, and it's been a lively discussion for all 17 years I've been president. So it's not an unfamiliar topic and so that's why we do do the background and the research, but it's not really something we talk about with our counterparts. [LB340]

SENATOR JANSSEN: Okay. Seeing no other questions, thank you for being here today, John. [LB340]

JOHN K. HANSEN: Thank you. [LB340]

SENATOR JANSSEN: Any other opponents? Opponents. Okay, Cathy, in a neutral position. [LB340]

CATHERINE LANG: Chairman Janssen, members of the Revenue Committee, my name is Catherine Lang, Catherine with a C, last name Lang, L-a-n-g, and I'm appearing today as the acting Deputy Tax Commissioner for the Department of Revenue. My hope is that I do justice to the information provided to me by the Department of Revenue's staff and that I do justice in answering your questions as completely as I can. I am appearing today in a neutral capacity on LB340. In particular, because of the fiscal note that accompanies this bill based on information that we provided to the legislative fiscal office. In discussing the implementation of this bill we found three challenges. I have raised those challenges with Senator Wightman and we have discussed the possibility of ways that we could maybe address those by modifying the bill. But I did want you to know that probably the three most predominant factors that affect the cost that we have placed on this bill are the estimate of number of taxpayers. If you look at our fiscal note you'll see that we estimated that this could involve about 440,000 of about 880,000 of our filers in Nebraska. So that would be half of them. We also note in the bill that there is a specific requirement for withholding, and that requirement in and of itself does give us some administrative issues to deal with and that is a distinction that we would make in contrasting this bill with the next bill that you will hear on income tax by school district. Also, there is some specific language relating to the income tax enforcement and currently, that is different than our current income tax enforcement, which then required us to put in cost for personnel to meet those requirements. Now there are some more minor issues that I'll just bring to your attention, and then there's a document that Senator Wightman provided to you that I wanted to talk about just a little bit. Some of the more minor issues are, for at least the Department of Revenue, is that there would be a new form that there may be requirements for some structural changes to our program to make an allocation for these particular taxes to make sure that they got to the particular school district. There may be issues for employers. If we do require withholding, then employers are going to have a potential added burden as well to implement the withholding, or alternatively, we as income taxpayers might want to amend our W-4's to allow for the additional

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withholding, because as I'm sure you can well imagine, this would be an additional tax. My current withholding might not be sufficient to cover it. I would be filling out my tax return at the end of the year, or in April, for the prior tax year and I would think I was maybe getting a refund, and then I would have this tax coming in which would then perhaps require a payment. And so there might be some issues that taxpayers would want to deal with in terms of their withholding. I might mention, too, one other issue and that is for any of the programs when we're dealing with our income tax program is just the longevity of the existence of that program. But I also want to talk about a document that is contained in the information that Senator Wightman gave you, and should a bill like this or something similar to it become of interest to you, this is a snapshot of three districts that are in Senator Wightman's Legislative District for Kearney, Lexington, and Cozad. We've provided three years worth of school system value, school system taxes, as well as the information on tax liability net of refundable credits for that district, and the number of returns filed. You might also be interested, perhaps, in looking at this data. Maybe we would also want to add a separate column that shows the actual bond taxes being paid in that school district. For your information, of the 256 school systems in Nebraska, I believe our current count on bonds--current bonds, individual bonds--is about at, I think, 154 or 156. What we've noticed in looking at a quick history of that is that while we retire a couple of bonds every year, we add a couple of bonds every year, and so our estimate to Senator Wightman was is we see anywhere from maybe three to five at the high end, new bonds every year, at least currently. And with that, I would be happy to answer your questions. [LB340]

SENATOR JANSSEN: Questions? Abbie. [LB340]

SENATOR CORNETT: Back to a question I had earlier, and I know you're perfectly aware of the bond issues follows the property in the school bonds... [LB340]

CATHERINE LANG: Yes. [LB340]

SENATOR CORNETT: ...and it becomes a property tax. Everyone is aware of that when they purchase a home that that is the property tax. If we did something like this, what would be your recommendation as to how that income tax would be withheld? Would it follow the person, which doesn't make sense to me if they move outside of the state, or would it follow the property? [LB340]

CATHERINE LANG: I think that's a very good question. I don't have a absolute answer to your question. I agree with your interpretation of what happens with property taxes, bonds for property taxes. As I reviewed this quickly with Anne with Senator Wightman's office, there's nothing specific in the bill about what would happen in terms of whether or not the income tax liability would follow the person. I think your question is a very good question and it may be appropriate that it should be asked to someone who represents bond companies or bond council, because they maybe could tell us more about how

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they would think that might be able to work. But I don't know. [LB340]

SENATOR CORNETT: It just seems like it would be very difficult to administer. [LB340]

CATHERINE LANG: It could be. [LB340]

SENATOR CORNETT: Okay, thank you very much. [LB340]

CATHERINE LANG: Yes. [LB340]

SENATOR JANSSEN: Ron. [LB340]

SENATOR RAIKES: Cathy, this sheet with Kearney, Lexington, and Cozad, what do I learn from this? [LB340]

CATHERINE LANG: Well, probably I'm, not much at the moment, but we wanted to be able to, in our discussions this morning with Senator Wightman, provide some information to him about, you know, what does the tax liability for a school district look like compared to its total valuation or its total system taxes. Now we excluded bonds, but we could look at total system taxes including bonds. We could look at total system taxes, bonds only. And maybe you could then look at that number, let's say that tax liability number, multiply it by a particular rate, and determine gee, how much money could we generate from a rate in that district. We could run something like this that could show you that information statewide. I think that Mr. Hansen is correct that at some point you hit a point in school districts where there is not enough income. We also think that in some districts the history of income could be very important, because it may vary significantly from one year to the next. Now right now, all we had access to at the moment was these three years for the income tax years and so we've pulled in our evaluation data to compare to it, but between the two agencies I think we could bring, perhaps, more information together and then we could do it for all the school districts, give you some idea of what it could look like. [LB340]

SENATOR RAIKES: Okay, thank you. [LB340]

CATHERINE LANG: You bet. [LB340]

SENATOR JANSSEN: Any other questions? Cap. [LB340]

SENATOR DIERKS: Cathy, one of the things that came to mind as we were talking about income taxes for this purpose is that out in my country, many of the people who have ranch property don't live on the ranches, their properties. And if they have some wealth, that wealth follows them to where they do live. So the property that they have won't be able...they would be able to pay probably income tax to the district where they

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live, but not where they earn their money. So that's a concern, I think. The other concern is that when a school board is figuring a budget, they're going to come up with certain numbers...like your figure here of nonrefundable income or whatever. You're going to have some figure, some knowledge, of what the income is in the district. And it may not be 100 percent accurate, but if you establish your budget based on that knowledge, even if the person who is like Senator Langemeier was concerned about moves out of the district. There's still going to be a certain base of income that's going to be available for that budget as it's developed. That's just my guess on it. [LB340]

CATHERINE LANG: And you are correct. What we do for the income tax purpose is we ask for your school district of residence, and so you could be earning your money in Omaha, live in Lincoln, and so that will come into Lincoln. But imagine you own property outside the O'Neill school district, and you work and you live in the O'Neill school district. That income would go to the O'Neill school district and then whatever district's outside there would be taxing your property, but not your income. So the other thing, too, that could come into play, as I mentioned already, is just the whole idea of the potential for do we want withholding in some situations like this. The other thing, too, is...and only the history would tell us that. So I need to be a little careful here, but it would be interesting to look at the history of tax liability by school district to determine is there significant variation from one year to the next. Our concern is that there might be and when it comes to then doing it for a bonded indebtedness, what does that do in terms of having the available base upon which to tax? And what if that base significantly changes and you already have an established rate? Those are questions. [LB340]

SENATOR DIERKS: Thank you. [LB340]

SENATOR JANSSEN: Any other questions? Seeing none, thank you, Cathy. [LB340]

CATHERINE LANG: Thank you. [LB340]

SENATOR JANSSEN: Anyone else in a neutral capacity? Senator Wightman, would you like to close? [LB340]

SENATOR WIGHTMAN: Yes, Senator Janssen and members of the committee, again, I did want to respond to some of the issues raised in the opponents and in the neutral parties. Mr. Hansen brings up the fact that maybe only one-third of the counties would be able to use this. I'll concede that may be true. I don't know how many of the counties would use it, but just because only one-third of the counties may be able to use it, would that be a sufficient reason not to allow it here, because it is strictly an optional income tax used as an optional method of supporting the bond issue. And so if one-third of them benefit and the others don't get hurt any, I don't see that that is a sufficient reason not to pass LB340 on to the floor of the Legislature. Now I know one of the underlying, and you may have said that, factors in his suggestion is that it probably lessens the

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chance that that maybe would get passed onto the state for funding. However, I would say that we aren't looking at this as a sole method of funding. We're looking at it as an optional method of funding either by income tax or property tax, and it's still possible that the state might elect to help local school districts, particularly tax poor districts, under some formula clause provide some benefit for that. I think that, perhaps, looking at this bill and implementing it and seeing how it solved those problems might be better than the state jumping in right now to provide aid to those school districts in building projects. So I'm just saying it doesn't rule out and we're not saying this has to be the sole support of the bond issue, as you're well aware, even if the school district did elect another option. The implementation, as Senator Cornett and Senator Langemeier both raised, as to what happens when somebody moves out of the district is an issue. I don't think it's an issue if somebody moves out of the state and has been a resident of that district, because I think the current tax return would show that when he moved from county to county, that may be more of a question, and I don't know whether there would be some way of curing that right now. I suppose a simple question asking him what period of time they moved there would be one method of reaching that that just as you do on a nonresident, you could have one that provided some questions with regard to if they lived in two counties over the period of that year, or more than two. So I think that could be addressed. With regard to Iowa, I know that question came up and how long Iowa's had their's. I know we do some farm income tax returns in our business and I can remember 20-30 years ago doing farm income tax returns occasionally for someone who had Iowa income, and they had that optional school district tax probably for more than 30 years, but I've not given you that as a definitive answer. I'm suggesting that that has been there a long time. Another question was raised with regard to absentee landowners. I think Senator Dierks or Senator Janssen asked that. This does cut both ways, to a certain extent, because you have people that own land in the district, and probably there are more that own land in a rural district than there are residents of that district that own land in another district, but that's not uncommon either, particularly cattle operations. You quite frequently have somebody that has their cattle operation in one district and two or three sections of pasture that would be in another school district or even in another county. At least you do in our area. So there would be some trade-off there, I think. How much it would be would be conjectural on my part and I certainly can't answer that, but it wouldn't all be a loss to the county or the school district because you'd pick some likewise, but my guess is that your questions would have to be answered that you probably are going to lose in most rural districts. But on the other hand, is that unfair? I think not from a standpoint that that absentee landowner isn't contributing any of the costs of the operation and maybe it's still better that it follows the income of the residents of that county rather than all of it being shifted onto the property owner, and particularly that absentee landowner that doesn't have a dog in that hunt so to speak. So I still look upon it as a method of providing a method of payment that more nearly mirrors the ability to pay and I think that is one of the big selling points of this and an alternative method of pay. Thank you. I don't know if it's proper that I take questions at this point. I certainly would be willing to. [LB340]

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SENATOR JANSSEN: I don't see anybody asking for that option, but thank you, Senator. [LB340]

SENATOR WIGHTMAN: Thank you. [LB340]

SENATOR JANSSEN: That ends the hearing on LB340 and who do we have next here? Senator Wallman and he's here. Okay. Welcome to the Revenue Committee, Senator Wallman. [LB487]

SENATOR WALLMAN: Good afternoon, Chairman Janssen, distinguished members of this committee. For the record, my name is Norm Wallman and I represent the 30th District. I am here today to explain why the state of Nebraska needs LB487 or an option thereof. During my campaign, I heard from numerous constituents about how high our property taxes are in Nebraska. Our valuations are on the rise, farmers and also people living in cities are unable to keep up their income with rising taxes. So LB487 proposes to repeal school district's authority to exceed the maximum property tax levy and this bill provides districts the authority to levy a local school support income tax. The local school support income tax would be subject to voter approval with a procedure similar to the procedures districts already use to exceed their maximum property tax levy. At the present time there are about 40 school districts that voted to exceed their levy. And the local school support income tax would then be a percentage of the income tax liability of the individual as approved by the registered voters of the local system, learning community, or school district. So then I would be happy to answer any questions the committee has. [LB487]

SENATOR JANSSEN: Questions? I don't see any, Senator. You got by pretty lucky. Proponents? There comes Jay. [LB487]

JAY REMPE: You just had to see me one more time this afternoon. Jay Rempe, Nebraska Farm Bureau, R-e-m-p-e, and given the lateness of the hour I will just say we support the bill for the reasons we laid out on the previous bill. Listening to discussion, I just remember one time when I first started at Farm Bureau one of my members came up to me and we were talking property taxes and income taxes, and he said Jay, always remember this that dirt doesn't pay taxes, income does. So I think that was appropriate for this discussion this afternoon. [LB487]

SENATOR JANSSEN: Any questions? I don't see any, Jay, thank you. Next proponent. Opponents? [LB487]

JOHN K. HANSEN: Chairman Janssen, again, for the record, my name is John K. Hansen, H-a-n-s-e-n. I'm president of the Nebraska Farmers Union. I appear before you today as the state president and the lobbyist. A lot of the same issues that I raised on

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the last bill I would raise on this one. I would also raise a couple other additional points while we're having this discussion, and that is that after 17 years of working to try to get property tax reform in the state, it is my view after having not been quite as successful as I had hoped 17 years ago, is that when you let the air out of the tires for the public demand for property tax relief through a variety of mechanisms, it is not overall helpful to the general effort of trying to provide property tax relief. And that in this particular issue of funding either operation or capital for local schools with the local income tax, that the areas of the state that have the least amount of earned income available in order to be able to pay any kind of taxes whether it's income, sales, or property are sort of left swinging in the breeze when you come up with a cure that does help a third of the counties in the state, then what do the other two-thirds of the counties who, by the way, don't have as much population or as much representation, what is their hope for remedy at that point? Not so much. And so you've just kind of left that very same problem without cure or remedy for the folks who, I would argue, of all the folks who are short on income to start with and paying for the cost of public infrastructure and education, you've left those folks who need help the most swinging in the breeze, because when the political push doesn't come from the more heavily populated areas for which this particular approach works then the least populated areas are, in my view, going to go without. The second point I would make is that I would hope that out of this opportunity, given all of the issues that we have on taxes before us, that the things that we would do would be long-term, they would be sustainable, they would be structural, and that they would help create at the end of the day a tax system that is more fair, more balanced, and more reflective of the ability to pay. And that the more appropriate way to use more income and sales taxes is to fund K-12 education in the first place so that there is, in fact, the necessary or the appropriate relief valve through higher property taxes for capital construction. And so the fact that we've been not funding K-12 education as much as we should has created this problem in the first place. And so this is, in my view, not dealing with the structural problem. So with that, I'd be glad to answer any questions in the off chance that I could. [LB487]

SENATOR JANSSEN: Any questions? Cap. [LB487]

SENATOR DIERKS: So then, John, were you here when Senator Raikes presented his bill, LB608? [LB487]

JOHN K. HANSEN: I was not. I'm sorry I was across the hall watching Ann Bleed and her confirmation process. [LB487]

SENATOR DIERKS: I see. Well, that was a bill that did the sales tax funding of the schools. So you'd probably be more in favor of something like that then. [LB487]

JOHN K. HANSEN: A little more. (Laughter) A little more. [LB487]

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SENATOR DIERKS: Well, if we're looking for some method other than property taxes to pay for it it's going to have to either be sales or income, I think. And if we say state aid that really translates to the sales or income. [LB487]

JOHN K. HANSEN: Yes, and I just think that when I look at the characteristics of the state tax system, the one that is the least out of balance right now is income, which again, explains why we weren't quite as enthusiastic with the Governor's income tax reduction as some. [LB487]

SENATOR DIERKS: Thank you. [LB487]

JOHN K. HANSEN: Thank you. [LB487]

SENATOR JANSSEN: John, then, you know, there's three ways we can fund education. That's property tax, sales, and income tax. So you're advocating then that sales and income tax should bear the bigger part of this burden. [LB487]

JOHN K. HANSEN: It should, and you know, Mr. Chairman, you know we've been down a very long road in the last 15-plus years of trying to develop a more fair and balanced state tax system, and I thought we made some very good progress for some considerable amount of time and I feel like we've instead of going forward, I think we've slipped backwards. And so when you look at the total amount of dollars that we use in income and sales tax to pay for...the biggest single user of property taxes is education. And so we've done some very good things and some very painful things. We've equalized valuations with LB1059 in 1990. You go back through that whole line of things that we did, we continued to increase funding of the state formula, and then we've started going backwards a bit. And so the results of all of that not going forward or maintaining the level we were at is that there has been a shift to local property taxes. And that, I contend, is why the folks that I represent are squealing like stuck pigs. [LB487]

SENATOR JANSSEN: Um-hum. Well, you know, on the other hand the last two bills that we've heard now is a move towards better use of income tax as a means of supporting our school system and you've opposed both of those. [LB487]

JOHN K. HANSEN: Yes, I have. [LB487]

SENATOR JANSSEN: In my opinion, if we want to do that we need to start here. [LB487]

JOHN K. HANSEN: I would just differentiate between having some idea of where the income is in the state. That it's one thing to use statewide generated income in sales and another to use local. And when some of the rural areas...when you look at

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depopulation, 83 out of 93 counties of Nebraska have depopulated in the last 20 years. There's been a tremendous out-migration of rural areas, and that's because there's been a lack of earned income and economic opportunity. So, I mean, we've really become much more concentrated in two or three primary communities in the state and along the Platte River. And so we're seeing a population shift, we're seeing all of those things, so when you actually look at the income there's a lot of counties where when you look at the total number of income taxpayers over certain levels, it's not very many people. So when you look at raising the income tax rate, which is my point, and does that work in those counties that need help the most to pay for capital or operating, there's just not very many income taxpayers. They're mostly local professionals--lawyers, doctors, accountants, and folks like that, bankers--they're just a lot less likely to live in those counties. [LB487]

SENATOR JANSSEN: I'm sure glad you left grocers out. (Laughter) [LB487]

JOHN K. HANSEN: I sort of did that on purpose. [LB487]

SENATOR JANSSEN: Any other questions? Ron. [LB487]

SENATOR RAIKES: John, you would propose a significant increase in state aid to K-12 schools with no erosion of the local control of those K-12 schools? [LB487]

JOHN K. HANSEN: I would lower the levy limit. I would try to keep as much local control as possible, and I would try to look for as much efficiency in the system as I could. [LB487]

SENATOR RAIKES: Even though I think you just said that basically two or three counties is where the population has increased. So as time goes on those two or three counties are going to be the main source of the sales and incomes that generate the state aid and they're to ship it to the other counties and however you want to spend it. [LB487]

JOHN K. HANSEN: Well, I would say that Omaha and Lincoln also--and those other communities--are also beneficiaries of an awful lot of the economic activity that begins out in the rest of the state as well. My view of education funding is that it's a constitutionally mandated responsibility of the citizens of the state to do that and if you look at the characteristics of the state of the tax system ability to pay is most clearly reflected in the income tax of all the tax revenues, and I just wish we had more rich folks in rural areas. We're working on that. [LB487]

SENATOR JANSSEN: Senator White. [LB487]

SENATOR WHITE: Yes, it is a constitutionally mandated obligation of the state to

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provide an appropriate education, but the constitution does not require the control stay in the local governments if the state is to be obligated to pay for it. Would you be willing to give up local control in exchange for that state money? The objection, I think, will come that one person is paying, another person's ordering off the menu. And therein is a political rub that's not likely to long endure without real frustrations. [LB487]

JOHN K. HANSEN: There's about three different kinds of control, Senator, in my view that can be made over decisions--folks at the local level can make them, folks at the state level can make them, and folks at the federal level can make them. And so if you're going to just take a view of who it is that's most likely to make a decision at the local level where the folks who actually get the services are impacted. For all of their shortcomings and all of their failings, I believe that the folks who actually are closest to where the decision is being made are most likely to have the best idea of what actually is appropriate for a decision, number one. And two, they're going to be stuck with the consequences of their decision. And so for all of the weaknesses in the three different approaches and all that goes with it, I still prefer the local decision-making on account of when they do screw up they've got a vested interest in fixing it, whereas the folks that are farther away from where the impacts of those decisions are made are virtually isolated to a very significant degree from those impacts. [LB487]

SENATOR WHITE: They're stuck with the consequences, but not with the bill. [LB487]

JOHN K. HANSEN: Well, this is the same problem, I think that we have as an increasingly concentrated state where we have a rural state, it's one state, we all go up or down in the water together to a significant degree, as a state, and I just think that, you know, we have gone through a tough patch in recent years. That's why we have the depopulation, but at the end of the day we all do better when we all do better. [LB487]

SENATOR JANSSEN: Cap, did you have a question? All right. Any other questions? Seeing none, thank you, John. [LB487]

JOHN K. HANSEN: Thank you very much, members of the committee. [LB487]

SENATOR JANSSEN: Um-hum. Any other opponents? Okay. [LB487]

SUSAN SMITH: My name is Susan Smith, that's S-m-i-t-h. Chairman and members of the committee, I appreciate having this opportunity to speak with you today and I'm speaking to you as a citizen. It's been reported by local media that Nebraska is having a hard time keeping college graduates and retired citizens in our state because of high income and property taxes. It's my understanding that 52 percent of our property taxes currently go to our schools. Now I wonder how much of this burden is because of the children of illegal aliens using up our school resources. Since illegal aliens are more likely to get paid under the table, the tax would be placed on the shoulders of Americans

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to support not only their children, but also the children of illegal aliens. Nebraska spends approximately \$126 million a year in services used by illegal aliens. Those are numbers gathered by Federation for American of Immigration Reform and for the Center for Immigration Studies. It's \$126 million a year. I respectfully request that no additional burden be placed on Nebraskans and I thank you for the time today. [LB487]

SENATOR JANSSEN: Questions? Seeing none, thank you. Any other opponents? [LB487]

LARRY WRIGHT: My name is Larry Wright, that's spelled W-r-i-g-h-t. I live in Omaha and I've seen my house payments go from \$315 to \$450 because of the taxes that are going to the schools and I oppose this bill. Thank you. [LB487]

SENATOR JANSSEN: Any questions? Seeing none, thank you, Larry. Opponents? [LB487]

JEROME R. WARNER: Hello, members. My name is Jerome Warner, W-a-r-n-e-r. More taxes means more socialism. There are too many people on welfare in this state. Many welfare recipients are illegal aliens. Since the establishment, meaning the demerits to government, has a bias towards helping the welfare case load to increase causing more taxes to be raised, I am against more taxes. Governments around the world are pandering to the poor so the number of poor keeps growing. It makes no sense. The poor want increased welfare benefits. Their numbers increase so they tend to vote for more welfare. Is this dragging down the per capita income of the middle class? I think so. Do the rich give a hoot? I think not. I got a unique idea. Just keep the poor from reproducing. This can be done by law. The governments around the world have come up with many dumb laws so what is keeping them from passing laws to keep from reproducing. Arguably, another dumb law. Does this government need to raise taxes to help illegal immigrants in this state? If so, it should be honest and say so. FDR said, and I'm paraphrasing, we have nothing to fear, but stupidity itself. Amen. Any questions? [LB487]

SENATOR JANSSEN: Any questions? Seeing none, thank you for being here, Mr. Warner. Stating your opinion. [LB487]

JEROME R. WARNER: Thank you. [LB487]

SENATOR JANSSEN: That's what public hearings are for. Any other opponents? Anyone in a neutral capacity? Seeing none, Senator Wallman to close. [LB487]

SENATOR WALLMAN: Thank you, Chairman Janssen, members of the committee. All these discussions, I do have farmland in a couple school districts and you do have to file that with your property tax thing. And also my family has some land in Iowa and they

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have the income tax to help pay for the school. And they seem to think it's all right. And you will have some people moving in just like we do now. Your rental houses and...they pass these bond issues. And you might have four, five, six people, you know, move into a rental house and have eight kids, and which some of them do. So who pays that? You do if you own the house. So they make income. We have some of that and so they pay income taxes, so why not pay a little toward the school because they use our schools. And it's another option. It's not, you know, it's not set in stone. Two-thirds of the school board would have to put it in place and then they'd have to put it on the ballot. And it's not for the whole state. Most school districts that have override lids are growing districts. So they have more kids. And hopefully they have more income, maybe not. But it's just an option and I'd appreciate your support. Thank you. [LB487]

SENATOR JANSSEN: Okay. Thank you, Senator. That closes the hearing on LB487. Senator Engel, I believe, is here. Welcome, Senator Engel. [LB173]

SENATOR ENGEL: (Exhibit 9) Thank you, Senator Janssen. Good afternoon, Senator Janssen and members of the Revenue Committee. I'm Senator Pat Engel, that's spelled E-n-g-e-l. I represent District 17 in northeast Nebraska and I'm here today to introduce LB173. The homestead exemption is currently available to three groups of persons--persons over age 65, certain disabled individuals, or certain disabled veterans and their widows or widowers. And qualification is based on various criteria such as income, degree of disability, and the value of the home. The homestead exemption provides relief from property taxes by exempting all or a portion of the valuation of the homestead from taxation. The state of Nebraska reimburses the counties and other governmental subdivisions for the taxes lost due to these homestead exemptions. For 2006, there are 49,449 exemptions granted totaling \$56,154,277.89. Now LB173 would provide a means for the state to recover the funds used to implement this program. Under LB173, a homestead exemption would terminate on the death of the owner or the sale of the homestead. Transfers to a surviving spouse or transfers to another homestead, if still eligible for the homestead exemption program, are exempted from that. Upon termination, the total amount of taxes reimbursed by the state for which the owner received a homestead exemption after 2007 shall become due and payable to the Nebraska Department of Revenue. The Tax Commissioner shall file a notice of the lien for lost taxes with the county in which the homestead is located. I want to stress that the homestead exemption recipient would be able to take advantage of this program for as long as they were alive or living in a home that qualified for the program. We're not taking anything away from anybody. LB173 would create a way for the state to recoup the property tax relief given to those who qualify for the homestead exemption. And this would not hinder the ability of the qualifier to use this program during their lifetime, but would prevent taxpayers from subsidizing the inheritance of the qualifier's heirs. The amount recovered from the estate could not exceed the total assessed value of the homestead meaning that the heirs would not owe anything and any excess would go to them. So two years ago, I introduced LB763 that required county treasurers to record a

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lien on the parcel each year an exemption was granted. But I worked with NACO this year and I believe that they no longer object to this bill as a notice of lien would be filed by the State Tax Commissioner and only at the time of termination of the homestead exemption. I've also worked with the banker's association in drafting the language pertaining to liens so that it assures that prior loans would not be adversely impacted by this bill and it doesn't impede the ability of the individual to get things done such as a home equity loan, as the lien itself wouldn't show up on credit reports until the time of termination. As we talk about the need for property tax relief, this bill would allow for tax relief when needed, but gives the state the means to recoup funding of the program after the relief is no longer needed. Keep in mind the state spends more than \$56 million on this program each year and if state could recover some of this funding it would allow the state to provide additional tax relief for more people, and that's the object of this. It's not to leave extra money to heirs, but to help as many people as we can. It's to help the living. Also keep in mind that last year, through the passage of LB968, both the exempt amounts and the maximum values used under the homestead exemption program were increased. So as a result of the changes in LB968 as well as normal growth in this program, the appropriations required to fund the homestead exemption is expected to rise from \$56 million to \$70 million in 2007-2008 and \$76 million in 2008-2009. In summary, I just want to stress that I firmly believe that the homestead exemption is a good program and I don't want to penalize people receiving these exemptions, but I also feel very strongly that taxpayers should not be subsidizing anyone's estate. You have a letter from a Mr. Lyle Todd that was just passed out to you. And through conversation with him a few years ago, is where we come up with the idea to introduce this and to me it made sense then, it still makes sense. So I would request that you would advance this bill to General File and if there are any questions I'd be more than happy to answer them. If it's something I can't answer I do have some people in the background that might. [LB173]

SENATOR JANSSEN: Any questions? Ron. [LB173]

SENATOR ENGEL: Senator Raikes. [LB173]

SENATOR RAIKES: Senator Engel, you mentioned that the idea would be to help people who were currently in need of this particular program. Would you be interested in, and maybe it's already in there, I don't know, in whatever money was collected being used to enhance the homestead exemption program so that benefits to those who are in need of the program could be increased? [LB173]

SENATOR ENGEL: Well, in the bill as it's presented, those monies would be returned to the General Fund, but I know there's some other bills coming up in the Legislature this year as far as expanding it for, I think, the blind as far as considering them disabled, and others. And I would prefer that's what we do with the money, is to use it for utilization for more people. In other words, the people that have been using it they've been using it all

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these years and I think that's wonderful. Through no fault of their own they're in homes that because they appreciated in value all these years, they can't afford to stay in their own home. So I totally approve of the program, but I think if we can start recouping this rather than leave it for the heirs who have no investment in this, it's to help more people really utilize the program by expanding it through the valuations or through other disabilities and so forth. So I certainly would go along with that. Senator White. [LB173]

SENATOR WHITE: Senator, have you looked further than the next couple of years. I mean, we're looking at a population that's rapidly aging and what are the implications for the state if we don't put something like this in place, and whether we're going to be able to keep elderly people in their homes, and if we can't keep them in their homes what's that going to do to Medicare/Medicaid? [LB173]

SENATOR ENGEL: Well, see that's a situation, because valuation says if they continue to increase like they have the taxes will continue to go up and the valuation of the property is going to go up, and we're going to have to make some adjustments as far as income guidelines and property tax guidelines because of that. So that's why I think this is such a good program. We can at least keep funding it as time goes on. As monies come back in we can utilize it for to take care of these future situations. We can't predict them now, but it seems like it's a trend and I think that's why this is such a good idea really. You know, for instance, now you've got a copy of the fiscal note. I know it's going to be slowly coming in . Like 2008-09, they predicted about \$856,000 and next year \$3 million, and the next year about \$6 million. So as time goes on...because this doesn't go in effect until January 1, 2007, but as time goes on you're going to see more recouped just because of the people leaving. And we're not depriving anybody of the program. The ones that are deserving. And then one question has come up before. Well, they might be on Medicaid sooner. Well, the thing is, you know, from what I understand if you're in a nursing home over six months and it doesn't look like you're going to go back, well they're going to demand that you sell that home anyhow. Well, the thing is if they wind up selling the home and I think AARP has done a survey as far as how long people are usually in nursing homes, is that some Medicaid might take over a little quicker, but either way it's state dollars, but one thing you've got to remember about Medicaid it's matched by federal funds, you know. So I don't think that's really a good argument, but then that might be one you might be hearing. [LB173]

SENATOR JANSSEN: Pat, would you look at raising the income level? [LB173]

SENATOR ENGEL: Well, that's something we may look at down the road, you know, I mean as far as that's concerned... [LB173]

SENATOR JANSSEN: No, I mean if this property's going to come back if you use it all up, possibly we could raise that income level so people could... [LB173]

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SENATOR ENGEL: And as it comes in, like I say, we're not going to get \$76 million right away, you know. It's going to come in gradually. But every year it's going to increase. So I think we can adjust that as time goes on. And if that could be written into the bill, I have no problem with that. None whatsoever. [LB173]

SENATOR JANSSEN: Just an idea. I mean it's a way that the state could recoup the money that is spent or the lost revenue. [LB173]

SENATOR ENGEL: Right, right. So... [LB173]

SENATOR JANSSEN: Any other questions? Senator Langemeier. [LB173]

SENATOR LANGEMEIER: Thank you, Chairman Janssen. You talked a little bit about the bankers and how this would work with the lending and I want you to go through that a little more. If I own a \$50,000 house and I already owe \$40,000 to the banker and it's assessed at \$35,000 how do you get your money out of there? [LB173]

SENATOR ENGEL: Well, you don't. I mean, say it sells for \$40,000 and the bank's got \$35,000. Their lien is first--their lien is first. This lien isn't filed until the date of sale. So all prior liens are covered first and then if in any of these homes now if they're sold and as far as the tax that we've given them. You know, I mean, allowed them a tax forgiveness that we've allowed them, any excess goes to the heirs. The heirs are getting any excess and the heirs will never owe a dime, they'll never owe a dime as far as owing any money on this at all. It's just a matter that they'll get their money after everything else has been recouped. But all the liens are primary and I think we have a gentleman here from the banking association would be glad to explain that. I think Mr. Hallstrom is here, yeah. [LB173]

SENATOR LANGEMEIER: Okay. And then on page 10, subsection D, it says that this is a voluntary payment to the Department of Revenue, and then in subsection 6 it says that they can file under uniform state tax liens against your house. I would say that's not voluntary then. [LB173]

SENATOR ENGEL: I'll tell you what. We have Cathy Lang here and she's here to answer those type of questions. [LB173]

SENATOR LANGEMEIER: Okay. Thank you. [LB173]

SENATOR ENGEL: She has more expertise in that than I do. So she is here. [LB173]

SENATOR JANSSEN: Any other questions? Seeing none, thanks, Pat. [LB173]

SENATOR ENGEL: Thank you very much and I... [LB173]

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SENATOR JANSSEN: We'll take proponents to the bill. Proponents? Those in favor of the bill? Those against the bill? [LB173]

PATRICK HENRY: (Exhibit 10) Good afternoon, Chairman Janssen, members of the committee. I am Patrick J. Henry, that's Patrick as in the history book and H-e-n-r-y, 1460 Buckingham Drive here in Lincoln. This is Senator Raikes' district. I'm also a property taxpayer in Senator Langemeier's district. I come before you today as chairman of the Nebraska Aging Legislative Coalition as well as a member of AARP, in opposition to this bill. I believe it will have neither a direct impact on my wife nor I, nor any of my relatives, but the homestead exemption as it applies to property taxes has been with us for a long period of time for the benefit of not only lower income elderly neighbors, but also the disabled neighbors, some of whom have lost limbs in their service for this country. The provision has not been adjusted for a number of years and had become quite unfair. There were examples of similar homes, separated by only a few miles, but by a county line, treated much differently. It was adjusted by the Legislature in 2006 following several years of study and input by a number of people including members of the Revenue Committee, county assessors, fiscal analysts, and the state Property Tax Administrator and others. This resulted in a bill that was comfortable for most persons involved though it may not have satisfied all. The bill enacted last year does provide some degree of property tax relief for a number of older, lower income, and disabled persons giving them the ability to remain in their homes longer and somewhat improve their quality of life. Most of these people have lived in their homes for a long number of years and have worked hard to have that home mortgage- and lien-free. Most no longer have an income that keeps up with inflation and their purchasing power is declining. Most studies have proven that it is less costly to have these people stay in their homes for a longer period of time with some form of in-home service or care rather than move them into a nursing home and have Medicaid take over the payment. Further, the home probably will become the primary source of funds when the time does come to move to a nursing facility equipped to handle their needs in declining years. To have the certainty of tax liens being placed on their homes will almost certainly discourage many from taking advantage of this provision. They may otherwise be passing some needed expenses such as food, medicines, heat, etcetera. Such liens will also move forward the time that the state will have to pick up the expenses through Medicaid. I cannot imagine the property taxes being recaptured by this measure would be significant to the budget. New revenues were forecast a year ago to be at a level that did not discourage senators from voting for the bill. The fiscal note for LB173, the bill that would have passed last year is attached, indicated the anticipated cost to the state at the time was going to be \$6,984,000 for the 2007-2008 fiscal year. And the fiscal note for this bill that's being discussed today indicates a recapture of \$3,113,000 for 2009-2010. And as Senator Engel said, somewhat more in the following years. But the total homestead exemption refunds to counties in Nebraska was \$53 million last year, and the total tax revenue was \$3,306,000,000 and the cash

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on hand in the General Fund was \$576,167,262 to put everything in perspective. The ability of the impact of people to remain in their homes longer, delaying moving to a nursing facility and the move to Medicaid, and continuing some degree of dignity and quality of life appears to be worth more than the change noted above. Thanks for your time this afternoon and if questions? [LB173]

SENATOR JANSSEN: Any questions? I don't see any, thank you for being here, Pat. [LB173]

PATRICK HENRY: Okay. Thank you. [LB173]

SENATOR JANSSEN: Um-hum. Next opponent? [LB173]

MARK INTERMILL: (Exhibit 11) Senator Janssen, members of the committee, my name is Mark Intermill, that's M-a-r-k I-n-t-e-r-m-i-l-l, and I'm here today on behalf of AARP Nebraska, and we oppose LB173. This proposal would change the nature of the homestead exemption program from a property tax exemption program to a property tax deferral program. There are property tax deferral programs in 24 states and the District of Columbia, but those property tax deferral programs are usually operated in addition to a homestead exemption or a circuit breaker program or a sales tax refund program, or a mix of the three. Making this fundamental change in the Homestead Property Tax Exemption program will compromise the protection that older Nebraskans with limited incomes currently have against what most of them will tell you is the most burdensome tax they face. I want to present three reasons to you today that we oppose the bill. First, the attachment of the lien to property will cause some people who need the homestead exemption to defer their application. Property taxes are, without question, the tax that the vast majority of Nebraskans find most burdensome. In conjunction with our work on Initiative 423 this summer, AARP conducted a survey of likely Nebraska voters in August of 2006 and found that a majority of voters felt that the state income and sales taxes were about right, but more than two-thirds thought that property taxes were too high. As onerous as many Nebraskans find property taxes, they find liens more onerous. This is why we believe that this proposal will suppress participation in this important program and compromise its effectiveness as a means of assuring that older Nebraskans are able to stay in their homes. Second, if applied, the liens will reduce the asset holdings of low income elders. The average income, in 2005, of households that received a homestead exemption was \$14,783 for a single person household, \$20,292 for a two-person household. Those incomes falls between 150 and 160 percent of the federal poverty guideline. For most households at that 150 percent of poverty level, the primary financial asset is the home. The placement of a lien on the home of a person to recover property tax relief would reduce the amount of assets available to pay for care in the event that the person moved to a long-term care facility. This would mean quicker spend down to Medicaid eligibility and a longer period of Medicaid eligibility. And I would point out that the cost to the state General Fund of a month of nursing home care is

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about \$1,000. Finally, this type of recovery of tax relief is uniquely unfair. The statutes are replete with tax exemptions, deductions, and exclusions of all sorts, but I am aware of no other circumstance in which the state offers tax relief and then at some future date seeks to recover the amount of tax relief that was provided. We believe that to single out low income elders is patently unfair. While our interest in this legislation is primarily related to its impact on low income older Nebraskans, it may have a greater impact on others who are eligible for the exemption, and specifically, the 1,508 veterans with 100 percent service-connected disability are likely to receive a homestead exemption over a longer period of time than the typical older person. LB173 appears to require that interest be charged on the value of the homestead exemption from the date of the filing of the notice of lien. It's conceivable that there will be disabled veterans who will accrue interest on the value of a homestead exemption for 50 or more years which inevitably would result in liens that are greater than the equity in the home. In 2005, there were 50,699, and it sounds like that number has dropped in 2006. I've attached a section of the Department of Revenue's 2005 Annual Report that lists the county of residence of those Nebraskans who received a homestead exemption. This will provide you an indication of the number of liens that would have been filed in each county if the language of LB173 had been in effect in 2005. In closing, I would offer an example of the impact of LB173 in one county. I will use my home county of Nuckolls County for that example. In 2005, there were 308 households in Nuckolls County that qualified for the homestead exemption. The average value of those 308 homes was \$30,049. The average income of those households was \$15,775, and the average exemption was \$23,325. The property tax rate in Nuckolls County for the year was 1.84 percent. This proposal would have, in essence, created a cumulative debt in 2005 for 308 taxpayers of \$132,259, which would have been added in the year following the establishment of the debt of \$7,936 in interest charges. While the average value of those 308 homesteads was \$30,049, there were probably some that were valued around \$50,000, others that were valued around \$10,000. For the properties at the lower end of the value scale, it's likely that the owner of the property at the time that payment of the delinquent taxes would have to be paid may simply turn the property over to the Department of Revenue which is the basis of our assertion that LB173, if enacted and is strictly enforced, that the Department of Revenue will become the largest owner of affordable housing in Nebraska. We oppose LB173. We encourage the Revenue Committee to indefinitely postpone the bill, but we are willing to consider reforms to the homestead exemption program. We would welcome the opportunity to discuss options for program reform with members of the committee or any senator who is interested in improving the effectiveness and the affordability of the program. With that, I'd be willing to try to answer any questions the committee has. [LB173]

SENATOR JANSSEN: Any questions? Senator White. [LB173]

SENATOR WHITE: Does AARP share a concern that the state's ability to continue to provide homestead exemptions for an increasing number of elderly people will become

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strained to the point that we can't do it effectively? [LB173]

MARK INTERMILL: As we see, one of the primary qualifications for the homestead exemption is that the person be over the age of 65 and meet income eligibility guidelines. The first baby boomer will turn 65 in four years, but baby boomers are going to be bringing more resources into retirement than their parents did. We haven't done the projections on the homestead exemption, but we've looked at Medicaid to try to identify what the impact of the baby boomers will be on Medicaid and what we conclude is that the increased asset holdings that baby boomers will have are going to soften the blow of the increased cost that may exist as those individuals age. And I would think the same thing would apply to the homestead exemption program. [LB173]

SENATOR WHITE: I want to thank you for providing your testimony and your courtesy. Would AARP provide those projections with regard to Medicaid? [LB173]

MARK INTERMILL: Certainly. [LB173]

SENATOR WHITE: And if possible the homestead exemption as we move through the boomer years? I realize this may be a very unpleasant and unpopular law, but I'm concerned that if we don't take some steps in our effort to pass money on to successive generations, we will fail the living. [LB173]

MARK INTERMILL: I would certainly be happy to provide that information. We agree that we want to make sure that this program is run as effectively and affordably as possible... [LB173]

SENATOR WHITE: Thank you. [LB173]

MARK INTERMILL: ...and that's what we're looking for. [LB173]

SENATOR JANSSEN: Any other question? Senator Raikes. [LB173]

SENATOR RAIKES: A strategic question. I didn't read this carefully enough to figure this out, but so I'm now eligible for homestead exemption relief. There's a \$10,000 loan at the moment on my \$50,000, say, house. So would it be possible for me to go to the bank, borrow an initial \$40,000 so that I'm up to \$50,000, and basically pass out the \$40,000 to my children? [LB173]

MARK INTERMILL: And have a \$50,000 loan on the property? [LB173]

SENATOR RAIKES: On the house. And then the repayment thing, basically, would be a second lien so it wouldn't be possible for the state to collect anything. [LB173]

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MARK INTERMILL: As I read the bill, the limit of the lien is the value of the house, not the equity. As I read, and Senator Engel can correct me if I'm incorrect on this, but as I read it if you had a \$50,000 valued home, you could have a lien of up to \$50,000 regardless of what the amount of loans were outstanding on the home. So that was my thought... [LB173]

SENATOR RAIKES: I thought he specifically said that the state would come second so that it would only get whatever residual. You take the value of the house minus the, whatever the first lien, so if that's \$500 then the state gets \$500. [LB173]

MARK INTERMILL: If that's the case, your scenario is correct that I would think that the state wouldn't be able to recoup any of the lien that was outstanding. [LB173]

SENATOR RAIKES: Okay. [LB173]

SENATOR JANSSEN: Any other questions? Senator Langemeier. [LB173]

SENATOR LANGEMEIER: Thank you, Chairman Janssen. This is a scenario I see happening and I'm in the real estate business so I see it everyday, is the little older gentleman or the little old lady that has her house that has some kids, and she says well, I can get homestead exemption because my income isn't there, and I can keep my \$55,000 house. Taxes are \$1,200 a year and I'll probably go in the nursing home so I have an option here, is take homestead exemption, go into the nursing home, pay the value back to the state as this bill would require, pay the balance into the nursing home. That's kind of the ideal world. I think you're going to see that same little old lady, I'm going to deed my \$55,000 to my child. I'm going to let them pay the taxes for five years. I go into the nursing home. I'm 100 percent on Medicare because I have no assets and my kid who paid \$6,000 in taxes for five years gets my \$55,000 house. [LB173]

MARK INTERMILL: And as long as that transfer had occurred five years before the application of Medicaid that could have occurred. If the look back period is five years. So anything beyond that is a transfer that would not be looked at for the purpose of eligibility of Medicaid. [LB173]

SENATOR LANGEMEIER: Right. So I would have the opportunity to pass an asset on and go right onto the state versus claiming no asset going in. [LB173]

MARK INTERMILL: That's correct. [LB173]

SENATOR LANGEMEIER: Thank you. [LB173]

SENATOR JANSSEN: Senator White. [LB173]

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SENATOR WHITE: But that exists right now, correct? [LB173]

MARK INTERMILL: The five year exemption does currently. [LB173]

SENATOR WHITE: Yeah, but I mean they can do that right now just to gain Medicaid or Medicare? [LB173]

MARK INTERMILL: That could take place. [LB173]

SENATOR WHITE: Thank you. [LB173]

SENATOR JANSSEN: Any other questions? Seeing none, thank you, Mark, for being here. [LB173]

MARK INTERMILL: Thank you. [LB173]

SENATOR JANSSEN: Any other opponents? Opponents? Neutral? [LB173]

LARRY DIX: Senator Janssen, members of the Revenue Committee, for the record, my name is Larry Dix, executive director of Nebraska Association of County Officials, appear in front of you today for two specific statements. One, we certainly appreciate Senator Engel in working with us from the way the bill looked last year to the way it looked this year, he made reference to the fact that we did oppose it last year. We are here in front of you this year in a neutral capacity, because we believe that the issues that we brought up last year have been taken care of. Number two, I would point to the fiscal note where it says impact on political subdivisions. There may be some implementation costs. As we read the bill we believe we're completely out of any costs. We believe we're completely written out of the bill so from the county's perspective, we do not believe there will be any implementation costs to the counties. With that, I'll answer any questions you may have. [LB173]

SENATOR JANSSEN: No questions. [LB173]

LARRY DIX: Thanks. [LB173]

SENATOR JANSSEN: Thank you. Anyone else in a neutral capacity? If not, Senator Engel to close. [LB173]

SENATOR ENGEL: Thank you, Senator Janssen and members of the committee. First, I'd like to answer some of the issues I just heard. First of all, we are not taking anything from any group. I mean, the veterans or anyone else...disabled veterans. Everything remains the same as it always has been so we're not taking anything away from anybody. And as far as the staying in the home, I totally agree with them. I think the

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longer we can keep people in the home the better off everybody is, you know, because they're much better off staying in their own home than being in a nursing home. I mean, nobody's going to have to leave their home earlier here than they would under any normal circumstance. So we're not taking anything away there either. So I totally believe in that. But one benefit of this is that I think we can be able to afford this to more people or even the ones that are in there. As property taxes go up, perhaps, we can increase the amount of property they can own and still qualify or perhaps their income that they can qualify. And as far as what Senator Langemeier mentioned as far as the lien, the lien for lost tax interest shall not be first and prior lien but shall take priority from the date and time of filing of the notice of lien. So there will not be a notice of lien until the last person leaves the property or is sold. Now in your other case, if they're playing games, you know, with the Medicaid and so forth, nothing, I don't know how you're going to get around that, but once that house is sold if they sell that while they're receiving property tax relief, then at the time that house is sold and they're not transferring it to another property where they can take the exemption with them, which they can do, then we would recoup. So I think that takes a little care of that. And of course, Cathy Lang, again, is here if you have any technical questions on this because it's in her department. [LB173]

SENATOR JANSSEN: Senator Langemeier. [LB173]

SENATOR LANGEMEIER: I have one kind of a technical question, but I think you can answer it. Okay, I'm in the real estate business so I'm thinking about this a little bit. We sold the house and I am doing a closing Monday, and I had the title insurance search, and I filed the deed and it sold on Monday, how do I get that into my closing statement to what it's owed and if there is anything owed, how do we find that? [LB173]

SENATOR ENGEL: Well, the lien will be filed upon the sale of the property. [LB173]

SENATOR LANGEMEIER: Which would be Monday after closing, because the checks will be gone before... [LB173]

SENATOR ENGEL: Well, would you mind if I call Cathy Lang up, please? [LB173]

SENATOR LANGEMEIER: Well, we'll talk about it later. I'm just curious. [LB173]

SENATOR ENGEL: Yeah, I mean because she can answer this. Maybe George can. [LB173]

SENATOR LANGEMEIER: No, he can't. [LB173]

SENATOR WHITE: Do you want me to just handle this later in exec? [LB173]

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SENATOR JANSSEN: Tom, go ahead. [LB173]

SENATOR WHITE: One of the ways it can be handled it's how you can handle a lot of charges. You're on notice, for example, there may be water charges, there may be different easements, things like that, and if the person is, you know, over 65 or you'll know from the records there's a homestead exemption, you'll be on notice and so will the title insurance company to check with Secretary of State to say what is the extent of the homestead lien. So the fact that the lien doesn't attach for priority until the date of the sale, meaning order or payment, doesn't mean notice can't be filed in advance. It can be filed in advance so that the title insurance people know to look. It just means we won't jump ahead of anybody else. So it's technically...it is manageable. [LB173]

SENATOR LANGEMEIER: Thank you. [LB173]

SENATOR JANSSEN: Any other questions? Thank you, Senator Engel. [LB173]

SENATOR ENGEL: Thank you very much for the hearing. I enjoyed both sides here and I appreciate your advancing to General File. Thank you. [LB173]

SENATOR JANSSEN: You bet. That ends the hearings for the day. [LB173]

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Disposition of Bills:

LB367 - Advanced to General File, as amended.
LB608 - Indefinitely postponed.
LB340 - Indefinitely postponed.
LB487 - Indefinitely postponed.
LB173 - Indefinitely postponed.

Chairperson

Committee Clerk