

the primary disqualifier or the way in which we do not provide blanket relief to everyone is the valuation of the home to be exempted. Need is a totally secondary qualification under 647. In fact, need is not clearly defined under 647 but is broadly defined as we define it generally under the Internal Revenue Code. Now, under 608 the concept is totally different. It also has a \$40,000 ceiling but you could take that ceiling out because it really doesn't make any difference at all. In fact, the only reason the \$40,000 ceiling is in there is to make people who have not yet come to realize that the real disqualifications in 608 happen as to income and using the all-monied income approach looking at the total amount of money that is in the household to be used to pay those expenses or whatever costs. Those are the real disqualifiers. So it really just changes from our present homestead exemption that which is identified in 647 the whole concept of the homestead exemption. Now the committee amendments themselves do something very simple. The original bill was drafted to allow for the county assessor to collect the money from the state and then exempt the individual's home, and the committee amendments simply turn it back into the model act. The model act says that the state will write a check and send it directly to the taxpayer, and the taxpayer then has the responsibility to pay whatever portion he owes above what that check is for his taxes. You see, we have under 608 a process under which you slowly determine what the need is on income looking at the all-monied income approach and then providing 10 percent relief, 20 percent, 30, 40, 50, depending upon what we consider the circuit, you know, like an electrical unit, can take. That is why it is called the circuit breaker approach. Whatever the ability to pay is, the state then helps out with the rest of the tax bill.

SPEAKER MARVEL: You have thirty seconds, Senator Newell.

SENATOR NEWELL: One other thing that 608 does is it adds to that renters, and we all know that renters do pay taxes. I own some property and I will assure you that when I rent that property out to somebody, they pay my taxes. If I have to pay my taxes, I don't stay in business very long and I don't rent that out. So renters do pay taxes and under this approach we provide 20 percent. We determine that 20 percent of that rental bill is what goes to taxes, but we put a maximum of 240 in there. Now in Nebraska it is probably closer to 35 percent and the maximum should vary but because we are trying to deal with a new concept here, we are trying to keep it conservative. With that in mind, I urge the adoption of the committee amendments which simply