

April 2, 1980

LB 608

that it treats all spendable income the same irrespective of whether that spendable income might be subject to federal income taxation. Now what that means simply is that persons who heretofore have not had their nontaxed income considered with respect to the homestead allowance will for the first time have their nontaxed incomes considered and by and large the largest form of nontax income we are talking about is social security and railroad retirement benefits. 608 would not of course tax those benefits. 608 merely factors those benefits into the formula in ascertaining the amount of the homestead allowance. Now we have tried to draft 608 so that it will not work a hardship on existing homestead recipients but there is no guarantee that it will not work a hardship, Senator Cope, on specific recipients because it may well be that some recipients right now have a social security allowance or railroad retirement allowance substantially greater than the normative amount and therefore, they would lose under the 608 approach. On the other hand there will be some individuals who by virtue of our increasing the income standards under 608 who would benefit by that approach. Furthermore you've got to be mindful of the fact that 608 for the first time provides an income tax credit or a refund, if you will, to a renter and an awful lot of people in this country and in this state who are renters, in fact approximately one third of the state's population rents. Now I don't think I know offhand what the percentage of elderly renters are. I suspect that the rent curve is skewed more toward the young than toward the old. I would suspect that by and large more older people own rather than rent but as you and I well know property taxes become an integral part of the rent and renters, these older renters, will be paying as they pay rent, something toward the property tax of their unit. 608 allows these persons, in effect, an income tax credit or a pay back from the Nebraska Department of Revenue ostensibly to offset the property tax that will be factored in their rent equation. I see no reason why we should not benefit this class of elderly persons. 608 addresses that problem. 647 does not address that problem and in the end 608 still has less of a price tag than does 647 and I talked with Senator Labeledz about the 647 concept at great length and Senator Labeledz knows that by and large I don't favor continuation of the existing practices. I think that the homestead program needs to be altered. I think we need to have a little better control over the homestead program. I think 608 does it. On the other hand I do know it is very, very difficult to change horses in the middle of the stream and that is what we are doing when we go from one method to another, when we go from the 647 concept to the 608 concept...

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