

May 13, 1981

LB 412

SENATOR CLARK: Do you have any other amendments on the bill?

CLERK: Mr. President, Senator Newell has an amendment that is on page 1927 of the Journal.

SENATOR CLARK: Senator Newell.

SENATOR NEWELL: Mr. President, members of the body, this amendment basically tries to strike a compromise between the 14% that delinquent interest rates are paid in every other section and the 6% which is woefully inadequate, basically makes it a 10% interest rate and I urge the body's adoption.

SENATOR CLARK: Senator Warner.

SENATOR WARNER: Mr. President, members of the Legislature, the old argument on this is whether or not this is a delinquent tax. My position is that a tax is not delinquent till due. There is some precedent that in those cases the interest rate ought to be commensurate with what that money would earn under long term or short term or an unknown term investment and even with today's high interest rates most of those kinds of rates run from 5½ to 6¼%. On that basis I think that 10 is excessive. The practical effect on a piece of ground over a five year period is to add the...in the form of interest an amount not quite but nearly equal to what the tax would have been, the approved tax and obviously that is only added to the price of the...in most cases at least will be added to the value of the land. The bulk of that land is going to be residential area, with some exceptions, which adds to the price of the homeowner and I really see no justification in having that rate so high that it makes the price of ground even higher for those people who are acquiring lots to build homes. On that basis I would oppose the amendment at 10%.

SENATOR CLARK: Senator Newell to close.

SENATOR NEWELL: Mr. President, members of the body, the issue, I think, is very clear. What we have in Douglas and not so much in Lancaster County is the fact that some people hold this ground for a long, long time since there basically is no interest rate to speak of. 6% is woefully inadequate in terms of an interest rate. Consequently what the effect is that we have pockets that is not developed and we go out and push out beyond