

February 21, 1992 LB 1120

is worth, because what you're doing is you take out all real property from the depreciation items, as well as any motor vehicles and trucks. Now obviously this is for the...this amendment is for the major real estate owners as well as for the large trucking companies. I understand their concern very vividly. But, to begin with, you have to recognize one of the strong points of 1120 and the depreciation add-back scheme, that we'll call it, and you can use the word scheme however you like, is that one of the great hailed good points of the 3-R plan is that it makes the centrally assessed pay. And as you're well aware of, the whole concept of the depreciation add-back, that is the portion of the bill that the centrally assessed will pay a good chunk of. So you have to understand what your deal...obviously, much of that is on a personal side, but also sizable chunks on the real side. So by voting this amendment, you are taking away one of the strong points of the bill that I thought was something people were trying to strive for, which was to attempt to tax those centrally assessed. Secondly, the part of the bill that separates real and personal, you know, as you understand right now on your federal tax form any corporation, any business files a dollar amount of depreciation. On that tax form you do not differentiate between real and personal, you do not do that. The way the bill was written in its original form is for simplicity, policy, and accountability sake is because all depreciation is what you can track. And on your federal form the state can buy the tape and you will know exactly the dollar amount that is depreciated on your federal form, that will be a known figure. You separate out real and personal, once again you complicate things on the state form, you will have to spend a lot of money policing that, because basically you'll have no way of tracking, other than auditing, as to what is really personal and what is really real. Obviously, if someone is...wants to be creative they can try and push their real pretty hard and try to justify that. Until they get audited they're certainly going to get away with that. So you simply make the whole policy of trying to tax depreciation, which is one of the major strong points of trying to get the centrally assessed, you're going to make that very difficult to do with this amendment. And so the collection is just going to be that much more difficult to do. Also, I mean as Senator Kristensen stated, by doing this you do away with any advantage to depreciate things on your federal tax form. You got to remember what you're...you depreciate things now on your federal form, yes, some advantage would indeed be taken away by the state. But on the same token, as we all know, some advantage is