

November 9, 1992 LB 1

SENATOR COORDSEN: Thank you, Madam President, and members of the body. Senator Hall was absolutely correct. By the way, I would commend Senator Hall on the spirited defense of LB 1 based upon his actions in other issues that have addressed it. So...but I understand Senator Hall and appreciate your particular position this morning. Senator Hall made a statement that I understand and he's right, LB 1 is not a mirror image of 829. LB 1, in its current form, provides for beneficial treatment for centrally assessed property and the further extension of additional expenses for people who are involved in agriculture and in the other good businesses in Nebraska that make up our economy and provide our jobs and all of the other things that we work so hard to ensure the correct climate for. Two percent depreciation surcharge, now if I do not understand quite correctly the method of reimbursing the unconstitutional surcharge under 829, I would certainly welcome correction. But it's my understanding that the administration plans to provide refund/credit for those taxes paid last year under the 2 percent provision of 829 against taxes paid this year or this next year under the provisions of LB 1. What's wrong with that? Sounds fair, doesn't it? The problem with that is that if you have any comprehension of how depreciation of agriculture property, business property and business investment business property, be that machinery, rental property, wherever we're at with depreciation, you will understand that the 2 percent credit to compensate for what was paid last year was paid upon the depreciation claim last year. For the 1993 year, which this provides for, some of that property will not be depreciated and the function of depreciation is that the last year is the smallest amount of depreciation taken. Correspond that to what happens with purchases made for business investment in the calendar year 1992 for which depreciation will begin in 1993 insofar as tax credits are concerned, those investments are made at the highest level.

PRESIDENT MOUL: One minute.

SENATOR COORDSEN: So what the net effect of LB 1 is that, in spite of the administration's best effort, those people who in the course of their business hold depreciated property will pay more than what they will receive in credit unless they made no investment in their business in calendar year 1992; a major difference, a significant difference and a difference that we have not addressed as yet. Thank you, Madam President.