

November 10, 1992 LB 1

PRESIDENT MOUL: Senator Kristensen.

SENATOR KRISTENSEN: Thank you, Madam President, and thank you, Senator Bernard-Stevens. This, of course, is the amendment that we have spent most of the later afternoon dealing with, and I want to basically talk about how, and from my perception, you get to using sales as a source of allocating these depreciation factors in the depreciation surcharge. When you have companies that deal, and I think Senator Landis was accurate in his depiction of the way that a company may operate, they may have invested, they may have located with lots of equipment or with buildings, facilities in the state, and yet not do a lot of work in the state in terms of selling their products here because their products...because of our...the small size of our state, they may sell those products all over the country, in fact, have a great market. Those companies keep track of their sales and report those sales. That is a system that is currently in place. That is a system that is easily used by the State of Nebraska for allocating how much of the income tax or how much is reported to the State of Nebraska, based on the volume of sales as compared to sales that they do to the rest of the country. The reason that is important is because then that is how much depreciation also gets allocated and thus, that is where you come up with how much surcharge is paid. The policy choice here, really, does come down to, is sales is the appropriate factor to look at. And I have no idea of who brought the amendment to Senator Hall. I don't know who put the amendment originally in the bill, and I am not sure that that really matters to me because I think the sales approach makes some sense. That's the way they keep their records now and that's the way that they allocate them, and it also comes down to the fact of what do they do to report to us to give us an accurate allocation of those deductions or that surcharge that we are going to charge in the depreciation. It seems to me that we would want, if you are going to have, and I don't know what the numbers are, we don't know what the numbers are on either side, but if you are going to give the benefit of the doubt, you give the benefit of the doubt to the Nebraska company that resides in the State of Nebraska. Now whether that is one company, Great Western Sugar, that happens to be one that has been discussed, but there is a number of those companies out there. I don't know what all of them are. But it does seem to me, based on a sense of what we have already got in place, that the sales is a good policy choice to go on. Now people can disagree with that. The other one is in the matter of this