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LB 179

Hilgert, for recognizing this and addressing the issue of your constituent, and I would be in support of your motion.

SENATOR COORDSEN: Thank you, Senator Byars. Senator Wickersham on the motion to return.

SENATOR WICKERSHAM: Thank you, Mr. President. I oppose Senator Hilgert's motion to return the bill for an amendment. This issue is one that members of the Revenue Committee became aware of last year. And arguably, we should have been able to present to you a complete solution to it, but hopefully we will be able to do that next year, because as Senator Hilgert indicated, we do have an interim study resolution introduced. We'll make a comprehensive review again of the homestead exemption, with an idea of making it a needs-based program in a much clearer fashion than it is now. We actually started on that course in 1994, when we passed a bill that required the inclusion of various kinds of income or resources that had previously been excluded. In 1994, we changed the law so that tax-exempt income was included for the first time. We had people with very high amounts of income from bonds that was excluded. We also caused to be included in the calculation the portion of Social Security benefits that wasn't taxed, and the portion of railroad retirement benefits that wasn't taxed. Now, the exact language that we put into the statute was that we were going to include any Social Security, any Social Security or railroad retirement benefit to the extent excluded in the computation of gross income for federal income tax purposes. Now, when we passed the bill, we all thought we knew what we meant. If you get a check from Social Security Administration, it's included. Last year, we found out that the Department of Revenue, ignoring our intent, and I think ignoring what the scope of the clear language could be, had decided, in a rather narrow and cramped fashion, that it didn't include payments that you received as disability income, it only included income that you received by reason of the Old-Age and Survivors Program. Now, I think that was an incredibly narrow, cramped interpretation of our language, and they probably didn't pay much attention to the legislative history or they wouldn't have arrived at it. But they did, and that's the way they've been administering the program, and now you couldn't change that administration of the program except by explicit words that we would put into the