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FLOOR DEBATE

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homesteads would be exempt from property tax. The example is, if your residence is valued at \$85,000, which is the...supposedly, the median in Nebraska, you would only pay property taxes on the \$80,000 of valuation. It becomes obvious that the lower the valuation of the home, the greater percentage that is exempt from tax by a homestead exemption, and the more beneficial the homestead exemption is. In this way, the homestead exemption targets property tax relief to those who, I would argue, need it the most. And here's a very important point. It's demonstrated by the chart on the bottom of the red sheet. About 75 percent of the homeowners are better off with a \$5,000 homestead exemption than with a \$1.00 levy limit. All residences valued at less than \$116,250 are better off. In other words, I believe this is good tax policy. And if you go back to the top chart on the red sheet, it is the homeowners that need that relief, and it is the homeowners who have not gotten it. And to go one step further, when you consider Senator Raikes' bill to follow, I don't recall the number, if you compare the \$5,000 homestead exemption to the \$1.04 levy that Senator Raikes is proposing, 90 percent of the homeowners in the state of Nebraska would be better off with a \$5,000 homestead exemption. Let's talk about the ag land tax credit. It's not just the homeowners who have failed to realize full property tax relief from the dollar levy. It's difficult to track a trend, due to the rather extreme fluctuations in agricultural income over the last few decades. But clearly, farm income in the state has declined. As a result, agricultural property taxes as a percentage of farm income have gone up. There's a real reason to be concerned about making property tax changes that would have a significant negative impact on agriculture. Therefore, this amendment incorporates a proposal that was included in some of the very first people's plans, an ag land income tax credit. It is the intent of this credit to hold harmless most of those who own land and operate agricultural land...note, those who operate it, not those who own it as an investment, those who are operating it and making their living from it...to hold them harmless from the impact of increasing the levy from \$1.00 to \$1.10. The proposal would create a refundable income tax credit equal to the property taxes paid by the taxpayer on agricultural land actively farmed or ranched. The credit would be capped at \$1,000. And here's a