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FLOOR DEBATE

May 8, 2003

LB 759

bill, AM1627. (Legislative Journal page 1535.)

**SPEAKER BROMM:** Senator Stuthman, you're recognized to open on your amendment.

**SENATOR STUTHMAN:** Thank you, Mr. Speaker and members of the body. I've offered this amendment to remove the sales tax on the construction repair of improvements to the real estate property. I offer this amendment mainly because I do not feel that it will share in its burden of the revenue shortfall of the estimated \$47 million in revenue that would come from a limited number of people. If taxes must be raised to balance our budget, I am totally in agreement that it must be raised. That will be as broad a tax as possible. The construction labor repair aspect of this bill does not achieve this goal. The construction labor tax on repair is a tax that will affect a...one group of people, those who wish to improve their property that they already own and they already pay in taxes on it on a yearly basis. I think that we would want to encourage people to improve their property, that it makes good policy sense to help people increase the value of their property. The tax seems to be a disincentive. LB 759 does not tax new construction. It seems to me that individuals that grow out of their homes, either add on or move out to a nicer home or a larger home, in my opinion, that folks with more money are likely to be the ones that would move to a new home, while the lower-income people would live in their older homes that require more repair, and often cannot afford to move out. The construction repair labor tax includes with the sales tax on the materials would become a significant part of the bill the owner would have to pay. The increased value would also lead to increased property taxes. I also question the complexity of taxing contractors and others on improvement of real property. Too many questions around this...of this tax. Here are some of the examples. What about an individual contractor or person, which we have in our local area, there are people that are school teachers, and they, during the summer months, do repair to homes, shingling, painting of homes, and some carpentry work to supplement their income, such as in that home...in the repairing that I just stated? What about additions to...that double the value of a building? The process to remove the tax