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LB 44

SENATOR CUDABACK: I did not, Senator.

SENATOR REDFIELD: Oh, thank you. I heard someone in the back. So what we know is, actually, in that bracket, only one out of nine people are taking advantage of some tax relief that we are offering in the state of Nebraska. And we know that the mortgages are out there. Your neighbors have mortgages. You may have mortgages. The banks certainly tell us that people are coming to them. We know the statistics, that people have mortgages. And yet, for some reason, that deduction does not...is not being utilized in Nebraska. Maybe it's just not valuable enough. And actually, I have distributed to you a comparison of why you might see that. I have given you an example in Emerson, Nebraska, Thurston County, how, in fact, LB 44 might work. The median home value there is \$50,000. This is U.S. Census data. And I have been around, and I have visited with you about the median home value in your districts and some of the towns and cities. And in Emerson, it's \$50,000. After the down payment on a standard commercial loan, you have a \$40,000 mortgage. And the first year, at the most recent interest rate, you have \$2,240 in interest, the first year. And that translates into only \$86 of tax relief under the mortgage interest deduction. Under LB 44, as amended--and Senator Connealy, I believe, will be introducing the committee amendment--it would actually provide \$107.89 in tax relief the very first year. The middle of your loan, as you pay faithfully through your mortgage years and make you payments, you see that halfway through you're only getting a value of \$43 in tax relief under the mortgage interest deduction. But under LB 44, you would continue to receive \$107.89 if in fact the levy remains exactly the same. One thing we know about Nebraska property taxes is that it is far more likely that that levy is going to increase than that it's going to decrease. So what we have here currently in our system is a declining value of tax relief, which we have the opportunity, under LB 44, to replace with either this continuing perpetual value, or perhaps even an increase in value as the levies for bonds or overrides or legislative action might increase those levies. So I think the chart speaks for itself. I...on the back side you'll see Dakota City. This is actually in Dakota County. And I took