

TRANSCRIPT PREPARED BY THE CLERK OF THE LEGISLATURE
Transcriber's Office
FLOOR DEBATE

March 2, 2005

LB 44

these two from Senator Engel's district. This was actually the town that had the highest median house value. And even at the very highest, we see that the first year of the mortgage...

SENATOR CUDABACK: One minute.

SENATOR REDFIELD: ...interest deduction...thank you, Senator...there is actually a greater benefit. It's \$152. But it quickly decreases, halfway through the loan, to \$78. And under the levy in Dakota City, you see that the savings there is \$114.35. It's a steady payment plan. It's something that people could plan on. They could plan their monthly payments. Because, in fact, when you go out to purchase a home, there's one question you want to know: What is the monthly payment going to be, because I have to know whether I can afford it? We do have committee amendments, and I will speak to those after they're introduced. Thank you, Senator Cudaback.

SENATOR CUDABACK: Thank you, Senator Redfield. (Visitors introduced.) As stated by the Clerk, there are Revenue Committee amendments. As Vice Chair of the committee, you're recognized to open, Senator Connealy.

SENATOR CONNEALY: Thank you, Mr. President. The committee amendments decrease the homestead exemption from \$6,000, in the original bill, to \$5,500, and delay the income tax add-back of mortgage interest until the tax year 2007. This delay serves to match the income tax to the same year as the property tax reductions that would be realized to the taxpayers. The homestead exemption for 2006 would actually reduce the taxes for the year 2007, thus, matching that time that the income tax deduction in this amendment gives. The reduction in the homestead exemption to be adopted by the committee amendment would almost exactly balance the state revenue increase from income taxes, due to the disallowance of mortgage interest, as is itemized deduction. So the bill is essentially revenue neutral if the committee amendment is adopted. You know, many of you probably have gotten e-mails that said that this is a tax increase, and reality is it's a shift. With the committee amendment, it allows that that first year of an increase would go away. And it would present the bill in a form, as Senator