

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

May 9, 2005

LB 312

about the fact that we have interstate competition, which causes the tax incentive, the payoff to the business, to exceed what it's worth to the state. And I will try to come up with some information...actually, not come up with it, but give you some information from our Department of Revenue that shows that's exactly what happens. The second category, though, is business climate, trying to improve the business climate. Let me back up to the first category again, tax incentives. It's certainly inequitable, but to the extent that you can, in fact, attract a business from outside of the state, you can probably legitimately claim that you've created some jobs. So in that category, you've at least got some potential for job creation, but it is terribly inequitable. Move on to the second category, the business climate. The business climate, in a sense, does not have the equity issues, because sort of everybody in the state, for example, you, the existing widget maker, along with me, the new guy, sort of benefit equally with a business climate, lower taxes for businesses. On the other hand, I would argue that business climate is probably very ineffective in creating new jobs. Now I'm, of course, subject to criticism for that and many other things, to see what you've got to say to refute that, but if you just look at it, I don't think that's the strong suit of business climate. In my own case, I pay sales tax on...I don't pay sales tax on ag machinery, but I have some construction, or we have some construction machinery; I pay sales tax on new construction equipment. Am I going to leave the state because I have to pay sales tax on a backhoe? I don't think so. I don't think it does much for creating jobs. My point here about this is that you're taking sort of...

SENATOR CUDABACK: One minute.

SENATOR RAIKES: ...two flawed approaches, or at least imperfect, I'll put it that way, and you're putting them together, in hopes that the combination of two bad is somehow good. I don't really think we have much evidence to support that. Again, I would go back to my initial point: I think the best approach here...I don't disagree with the notion that you've got to stay in the game, but you do it in an absolute minimal fashion. This sort of an expansion in what we're doing is, I think, simply way over the top. It doesn't make good