

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

May 9, 2005

LB 312, 695

are those homes available now. So we included that 60 percent, and of course it is a sliding scale. At 60 percent, you don't get the credits, tax credits, you do if you're paying 100 percent or, obviously, 125 percent of the state average wage. So it's a part of the package, once again focused on rural Nebraska.

SENATOR CUDABACK: Time, Senator Baker.

SENATOR BAKER: Thank you.

SENATOR CUDABACK: Thank you, Senator Baker. Senator Raikes.

SENATOR RAIKES: Thank you, Mr. President, members. I, you know, appreciate the conciliatory turn here, but I don't think it's the right thing to do. This is something that needs some serious, critical examination, and it has not gotten it. I'm not pretending that it will get it, but I think it needs it. One of the things, and I suppose if I were forced to make a particular choice on it, I would not do LB 695, the LB 695 part, the sales tax exemption for business and equipment. As I've tried to mention already, I don't think it has much to do with job creation. I think it's just a giveaway for businesses that are here in the state now. I guess there's nothing wrong with giveaways for businesses--I would be the recipient of it--but I don't think it's necessary. I don't think it achieves a relevant economic development gain. I'll also mention one other thing about it. There is a federal tax implication. The way it is now, if I pay a sales tax in the state, my sales tax money goes to the state. If the state doesn't charge me any sales tax, then that's one less deduction on my federal return, so I pay more federal income tax. So this is a way of transferring state General Fund resources to the federal government. Do you really think that's a good idea? I don't. I think that's foolish, and I doubt if many people have thought about that. But that's, in effect, what you do with this. And you're doing it for a provision that, in my view, is not effective at creating jobs, as I've mentioned before. The other thing I'll mention is the fiscal note, and you don't have an updated fiscal note right now, but we've been dancing all over ourselves and talking about the General Fund budget and trying to avoid