

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

March 1, 2006

LB 478

This began as a bill to exempt military retirement pay from Nebraska state income taxes. I signed onto the bill, but in my heart, in my head, I knew the state could not afford that. The Revenue Committee decided to change this bill and send it to the floor as an economic development bill limiting the number of workers with access to the exemption. Then we found out the companies didn't really need economic assistance, so it became an employee recruitment bill with an even more limited number of participants. During these discussions, we've heard about competition from Colorado, we've heard about base closings. I think we even heard about Cabela's. But this old gray head can only deal with facts, and I see the facts as this. A person, a defense contracting employee, earning \$40,000 will receive no tax benefit. The worker receiving a salary of \$60,000 will receive a military pay exclusion of \$10,000. That comes down to an income tax reduction of \$684. Of course, you lose your federal exemption, or part of it, so your net tax savings is \$587. If the worker owns 60... earns \$65,000, his military pay exclusion is \$12,500. That comes to a state income tax reduction of \$855. Lose your federal exemption of \$128 and that leaves you with a pocket of \$727. If you earn \$70,000 on that job, you get a \$15,000 military pay exclusion; \$1,026 on your state income tax, again losing some form of federal tax exemption, leaves you with about \$876. Seventy-five thousand military pay exclusion, \$17,500; state income tax reduction, \$1,197, with a final figure of about \$1,025. And you can check my figures, but you really don't have to, because if you look at the fiscal note you will notice the Fiscal people used a figure of 500 people and \$459,000 cost to the state. That's \$918, which means their figures are quite accurate. If you consider those as drawing cards, recruiting cards for workers, then you're going to vote for this bill. If you look at it in the long run and say, well, that's about \$500,000 a year, but you know, in 20 years that's \$10 million without increasing one single worker in this state. Surely there are going to be...

SENATOR CUDABACK: One minute.

SENATOR KOPPLIN: ...expansions, as are going on now, with more workers, which means that \$10 million is going to be a whole lot more than that. But however you work at it or look at it, I