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

March 22, 2006 LB 968

upper-end house used to be about 12,000 square feet, and now it's up to 30,000 square feet. (Laugh) I think that I can't even keep bathrooms clean in the small house that I have. anyway...and part of this is about the policies that we have adopted that promote certain things. So we have promoted that for individuals that can afford to have a house, that they can write off those costs and they can have larger and larger But we are doing very little as a society, much less houses. than we used to do at the federal level, not enough at the state level. And this is...at the local level, this goes to the local level in providing the incentives that the organizations need to be able to provide housing for low-income individuals. This...but as I said, this is more expansive than just the construction labor piece. It exempts purchases of other kinds of things, any kind of sales tax that would be paid by the organization. But certainly, when we added the construction labor sales tax, it made it much more evident. So we have aging housing stocks that then the housing authority needs to renovate in order to make them habitable, and they have to pay sales tax on that. And even with the amendment that we just adopted, they still will have to pay sales tax on many of their projects because they are not single-family dwellings, they are not duplexes. I would say that in this case the bright line is not nearly so bright. And so any multi-family dwellings would have that construction labor sales tax, even with the amendment that we've adopted, still apply. And so it really creates a bind for the housing authorities who may be looking at the cost of land and the increasing cost of construction and say, well, maybe we shouldn't just build new units, maybe we can acquire some units. Oftentimes, there are tax credit financed units that the developer may not choose to stay involved and complete the term of whatever the contract was. After the time that the tax credits have run out, those facilities could be acquired by a authority and used for low-income housing. housing But it...they often require remodeling, and under the current circumstance, and even the circumstance that will be after the adoption of the previous amendment, there would be construction labor tax associated with it. So I would urge you to seriously consider this. If you look at the other exemptions that we have for sales tax, I absolutely believe that low-income housing, housing for our vulnerable citizens, many of them disabled or