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FLOOR DEBATE

March 22, 2006 LB 808

assessor decide that is clearly what the use is. It does not affect land that is used commercially for agricultural production; that would be treated in the same way it now is. This is simply those instances in which you've got a home site that has part of the land that's used at least marginally for some sort of commercial or agricultural purpose--prairie hay--and it brings the complication of separating that out for greenbelt purposes. Senator Landis mentioned we're doing away with recapture or the bill would do away with recapture. That, I think, is based on the fact that the real purpose of that is a little bit hard to get your hands around. It is an extra bookkeeping requirement for county assessors because you have to go back three years and calculate the tax burden on the difference between the greenbelt value and the full market value. That chore would be eliminated. Also the money is an uncertain stream of money. It's typically not budgeted accordingly by the government entities that receive it, and is therefore more or less a windfall-type stream. So with that, thank you.

SENATOR CUDABACK: Thank you, Senator Raikes. Mr. Clerk, motion on the desk.

CLERK: Mr. President, Senator Louden would move to amend the committee amendments, AM2818. (Legislative Journal page 1122.)

SENATOR CUDABACK: Senator Louden, you are recognized to open on AM2818.

SENATOR LOUDEN: Thank you, Mr. President and members of the body. My amendment to LB 808 provides that real property that is taxed as a deferred exchange under Section 1031 of the Internal Revenue Code is not agricultural and horticultural land. Ag land that is purchased using this type of sale is usually inflated in price in order to receive the benefit of not paying a capital gains tax. Sellers have 180 days to complete a transaction to purchase land to qualify under the Section 1031 exchange provisions. By doing so, they save paying any capital gains tax on the sale of that property, and therefore use some of the savings to finish a deal, so to speak, if they are getting pressed for time. This, in fact, is not a bona fide