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Revenue Committee
March 21, 2013

[LB62 LB317 LR2CA]

The Committee on Revenue met at 1:30 p.m. on Thursday, March 21, 2013, in Room 1524 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB317, LR2CA, and LB62. Senators present: Galen Hadley, Chairperson; Paul Schumacher, Vice Chairperson; Tom Hansen; Burke Harr; Beau McCoy; Pete Pirsch; and Kate Sullivan. Senators absent: Charlie Janssen.

SENATOR SCHUMACHER: Welcome to the Committee on Revenue. Today, we will be hearing three bills. And present today, Senator Beau McCoy just came into the room; Senator Hansen; committee counsel, Mary Jane Egr Edson; I'm Paul Schumacher from District 22, and we have several committee members who have yet to arrive but, hopefully, most of them will be able to make it. There's some other committee activity going on right now. We remind you to turn off cell phones or put them in "vibrate" while in the hearing room. Sign-in sheets for testifiers are on the tables by both doors and need to be completed by everyone wishing to testify. If you are testifying on more than one bill, you need to submit a form for each of the bills. Please print and complete the form prior to coming up to testify. When you come up to testify, hand your testifier sheet to the committee clerk. There are also clipboards in the back of the room to sign if you do not wish to testify but would like to indicate your support or opposition to a bill. These sheets will be included in the official record. We'll follow the agenda that's posted on the door. The introducer or representative will present the bill, followed by the proponents, opponents, and then neutral. Only the introducer will have an opportunity to have closing remarks. As you begin your testimony, state your name, spell it for the record. If you have handouts, please bring ten copies for the committee and staff. If you only have an original, we'll make copies. Give the handout to the page to circulate to the committee. I didn't mention at the beginning that Matt Rathje is our committee clerk and our pages are Evan Schmeits and Nate Funk, and Senator Pete Pirsch has now joined us. Senator Price, welcome to the Committee on Revenue.

SENATOR PRICE: (Exhibit 1) Thank you, Senator Schumacher and members of the Revenue Committee. My name is Scott Price, S-c-o-t-t P-r-i-c-e. I'm from the 3rd Legislative District, and I am bringing before this committee, once again, a bill to deal with the review of all real property in the form of LB317. And if I can get the pages to hand out some paperwork here. I'm bringing this bill to you...for those who haven't heard this before, the genesis-wide in the creation of the Learning Community. When the Learning Community was created, Sarpy County was forced by this body into a newly created political subdivision that had a heavy reliance on the tax basis, the property tax basis. And in looking at that and where people in Sarpy County were trying to figure out what could we do to show the impact of that situation, we started looking...my office started looking at the impact and the changes because of property valuations and the things that go on in that. And a very technical area, obviously. The board feet of pine in a building are measured the same as are the cubic feet of cement

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and the square footage of any facility, but it's understood that there's a different value based on where you live. There's no question about that. Yet there are some very striking differences in how properties are assessed and valuations take place. And so, in looking at these things, what's become apparent is that there is a business practice, a business rule, that is strikingly different between the two counties. Current statutory guidance says that all real property shall be evaluated in a county in the period of six years. And in Douglas County, they'll do that. Some will get evaluated sooner, some will get evaluated later. In Sarpy County, almost all of them get evaluated each year. Now, in looking at this, I would have liked to provide you with a word picture. Two parents, one parent from Sarpy County, one parent from Douglas County, take their children to the State Fair. Good business for Grand Island. And in their pockets they have the needed revenue to make this event happen. The children run up and they say, can we have some money to go get on some rides? And the parent from Sarpy County, reaching in their pocket, pulls out a twenty dollar bill and hands it to their child, and the parent from Douglas County pulls out a ten dollar bill and gives it to their child. You've seen the commercials: children. You know the honesty of children. They notice that difference. And, consequently, the parent from Douglas County reaches into the parent of Sarpy County and pulls ten more dollars out of their pocket to give to their child. That is what is happening. Now, I don't believe it's done necessary maliciously. I believe...and I believe nothing is being done that is quote, unquote, illegal. It's a business rule in a business process. And what I'm asking to do is to change that process to unify it to three years. Now, again as I've said, we understand the value of things can be different based on where you're at. There's no argument. You have to have some latitude in the system to allow for that. But that latitude shouldn't be so loose and so great as to set up a situation where there is a degree of...the degree of disunity, if you would. I was talking with other members in the body and I was informed that if you have a law, if you have a process that may not be designed to be prejudicial, but if it in effect is, then it is. There's no question. So you have before you a packet--and I hope I have mine too--and in that packet you'll see a map of, pretty much, of Douglas County, it's not exact. I went on to the GIS Web site. In the previous years I've looked at up to over 500 different properties. And if you'll look at that and you'll turn to the first page, property...labeled "property number 1," and we try to redact all the personal information just...you know, to public information. You'll notice that there is on Jackson Street a multiunit, multiliving-place unit valued at \$462,600. And if you look between 2007 and 2012, you will notice there has been no change. None. You flip to property number 2, you see, wow, look at that. Somebody living out on 93rd Street with a \$632,400 home hasn't seen a change in all those years. Go to property number 3, you have another one for \$324,500, and you can reference back to your map to see where they kind of follow. But now we start to get to some things that are interesting. In property number 4, if you go between 2011 and 2012, why, that's a \$800 change in valuation. If you go to property number 5, you'll see a valuation for a \$70,000 home, went to \$60,000, down to \$30,000. But the coup de grace, if you would have one, might be in property number 6, where you see a \$100 valuation change. Colleagues, there's something amiss here.

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Basic mathematics, basic arithmetic--I won't even go to mathematics--will tell you that if you're assessing homes for \$100 in property evaluation change and you're excluding \$400,000 and \$600,000 properties, you're leaving an extensive amount of money laying on the table. And if you looked at it politically, if the business rule to where all real properties would be evaluated in three years were enacted, you would be hailed as potentially the brightest minds ever. And I'll tell you why. You could raise revenue and lower rates. It's as simple as that. But what is happening is, and what I alluded to about the prejudicial and biased nature of a rule is, it's amazing how many north Omaha and south Omaha's are being evaluated and west Omaha homes aren't. Now, I can tell you what the reason I think is. Buried way down deep in the process, the triggers that are used are things like permits pulled, sales, different things that go on in property. And I understand, people who buy \$400,000 and \$500,000 homes probably don't pull a lot of permits. They probably don't have a lot of turnover in their neighborhoods. But that's not the point here. Remember, if the effect is to be biased and prejudicial, then it is. And that by reducing it from six to three, we start to eliminate that. That's what's important. And also when you think about it, in that political subdivision I talked about called the Learning Community, because this has gotten much bigger than just the Learning Community, it affects everybody else in the state. Because when you look at your state aid formula, it's your resources minus needs, or needs minus resources. Algebraically, we can work that out. Now, the needs statement is very well articulated and very closely monitored, but not the resource one. And if you artificially hold down your resources, you've inflated your needs; therefore, state aid formula is impacted. So that affects everybody in the state. By changing to a process where they would almost do these properties in three years or more, they could generate over \$40 million of new revenue in Douglas County alone. When you look at that across NRDs and other multijurisdictions, I believe we start to see the problem here, because you can have...here you have Douglas County once every six years and this...only one commercial property. There are commercial properties valued at over \$14 million that haven't seen a change in six years, which would be amazing to me that there have been no permits pulled in an apartment complex at all. But again, the net effect is, high-dollar properties are not being evaluated, even for \$100. Think about the resident. Now, notwithstanding this past economic challenge we've been going through and that, you know, obviously Nebraska has weathered quite well, but notwithstanding that, let's say you have property valuation increase of 5 percent a year and you went six, seven years before you got another property valuation. Thirty percent in one year. Is that some sticker shock? Think about if you plotted a graph, and you'd see it chunk up and chunk down, because this is a sword, it cuts both ways. If you do more valuations you could also lose some, that's why I said, to be fair and sporting, you saw where I put some in the package that showed a decrease. But it would smooth that line out. Planning would be better for all these political departments. Again, by changing a business rule, which, by the way, was in the original statute that was being argued on the floor back in 2006, where Senator Adams put an amendment in to bring it back to a six-year cycle. Nothing nefarious there, but we almost have dodged that bullet. Now, we won't. Now, you'll hear

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people come behind us that will say that we can't do this for various reasons; most likely most of them are very honest and very true. But what is amazing is that when I brought this bill the first time...excuse me, when the bill was brought the first time, in 2006, none of the counties came in with a fiscal note. There was no fiscal note for three years for Lancaster, Sarpy, or Douglas County. When I brought the bill four years ago, oh, my gosh, a couple million dollars. Now, it's even more. They don't want to do it. But let me ask you, if I could tell you you could earn \$40 million guaranteed and it was going to cost you a couple hundred thousand dollars, how many times would you take that opportunity for that? Particularly when you think about...and we think about in Omaha, the needs they have, the critical needs that are needed there, that we are being challenged to pick up the tab on. I think it's time that we investigate this closely. It may be something that will be rolled into LB613, but in the end I'm surprised that after two times of coming before this body, that the ACLU and other organizations have not come in to sit there and say, this is a practice that has to be modified to reduce the impact it's having on north and south Omaha at the expense of everybody else. And with that, I'd take any questions the committee might have. [LB317]

SENATOR SCHUMACHER: Any questions for Senator Price? Senator Hansen. [LB317]

SENATOR HANSEN: Even though I promised I wouldn't ask any questions today, but in your introductory, in the very first part of it, you said that Sarpy County houses are revalued almost every year. Is that...was that correct? [LB317]

SENATOR PRICE: The properties, yes, sir. I believe they go through pretty much a...92-plus percent are done every year, so that in a two-year cycle that could be almost all real properties, yes, sir. [LB317]

SENATOR HANSEN: I know our ag land in Lincoln County is...you know, they don't have to go out and look at it, they can tell by the comparable sales, and it goes up every year. [LB317]

SENATOR PRICE: Right. Yeah, it's a survey process. There's a statistical process where you can go in and you could say we looked at enough within this unit and this block, therefore...and then they apply it across. Which is amazing when you...and when you think of it that way, isn't it amazing how when you apply it across certain areas there's still no change? [LB317]

SENATOR HANSEN: Yeah. Thank you. [LB317]

SENATOR PRICE: Yeah. Thank you. [LB317]

SENATOR SCHUMACHER: Senator Harr. [LB317]

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SENATOR HARR: Thank you. I'm looking at your handout. I'm looking at property number 2. And what is the property, it needs to be assessed at, what, 90-some percent of its true value, is that what it is? [LB317]

SENATOR PRICE: I want to say that it might have to be that, Senator Harr, in the first... [LB317]

SENATOR HARR: Or is it 90? Is it...I'm not sure where it is, but we agree it's pretty close to 100. It's a lot higher for residential than it is for ag land, right? [LB317]

SENATOR PRICE: Yeah, oh, absolutely. [LB317]

SENATOR HARR: Okay. If I'm looking at property number 2, and I'm seeing that it sold in 2011 for \$635,000 and it's assessed at \$632,400. That's definitely within the margin of error. [LB317]

SENATOR PRICE: Um-hum. Well, that's not a...again... [LB317]

SENATOR HARR: And I know this property personally, it's a turn-key property when it was sold. This wasn't a house that was rehabbed. This is the only property I probably off the top of my head know, because I know the former owner on it. But I guess I'm not seeing where there's a problem. [LB317]

SENATOR PRICE: Right. So, Senator Harr, to address that, if I may. I was trying to be very...and I want to be very careful. I don't want to get into the weeds on all the aspects of how properties are valued. I wanted to focus on the business rule that says how often they are. It's not the math. So if I'm looking at something, I'm challenged that we have a property that never changes in six years, any valuation, when other properties are changing almost every year, if not every two years, for \$100. [LB317]

SENATOR HARR: Well, yeah, and I guess my question is, how did you choose these properties? [LB317]

SENATOR PRICE: I just started clicking on the map and picking them up, and I probably went through 30 or 40 this year. [LB317]

SENATOR HARR: Okay. Well, I mean... [LB317]

SENATOR PRICE: Obviously, we can do an inquiry. [LB317]

SENATOR HARR: Yeah, I mean, the residential...I'm not sure if this is proper, just because I will concede six years is a...there generally is a big difference, but I don't know if this gets at that, because property values have remained very stable, to even

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declining within the Omaha area the last six years, ever since 2008. [LB317]

SENATOR PRICE: Right. [LB317]

SENATOR HARR: But I do...I'll concede to you that the six years prior to 2008, 2002 to 2008, there were huge increases in income. I'm saying I'm not sure if this evidence gets at what you want, just because of what's going on in the bigger world. So...but that being said, I also think it's probably darn near impossible to go through every piece of property in Douglas County every three years. I think that might be...well, definitely with the current staffing. I mean, it's a near impossibility, and there is going to be a fiscal impact to the counties if we do this. Now, whether it helps or hurts, that depends on where the economy is going and if there's been great variations in the property. And you're going to run into situations where a landowner is going to be in continuous litigation if it's every three years, with that going through TERC, appealing it off to the Court of Appeals, Supreme Court. And I'm not sure if the juice is...I guess, I need to see something that says the juice is worth the squeeze and maybe...nothing I've seen shows that, is my...so how do we know that it's worth it? [LB317]

SENATOR PRICE: Well, Senator Harr, I don't discount a great deal of what you have proffered there, except if you look at this in comparison to all the others, others seem to change a lot and they probably have a great reason, but that notwithstanding, I believe... [LB317]

SENATOR HAAR: We don't have others, though. All we have is this. Douglas County. [LB317]

SENATOR PRICE: Right. And we have more, but that's why it would be great to do a more in-depth study, that's why I brought that forward to Senator Schumacher to look at this. But again, the bottom line is, in addressing this, while I will concede to you that five or six properties, eight properties, aren't enough, if we go and pull out a thousand, which I did my first year. I actually personally went through over 1,000 properties and saw all the same basic things happening. It's within that...it's within itself when you see the property valuations go down, the property valuations go up, but they all should...what is that, a tide raises all ships and lowers them, but not in this case. In this case it only lowers some. [LB317]

SENATOR HARR: Well, I'd love to see that evidence. It's not here today. [LB317]

SENATOR PRICE: Okay. Thank you. [LB317]

SENATOR HARR: Yeah, thanks. Yeah. [LB317]

SENATOR SCHUMACHER: Senator Pirsch. [LB317]

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SENATOR PIRSCH: With respect to existing Nebraska law directing county assessors when you must do such valuation process, what guidance...not guidance, because there's apparently some discretion at least in some of the counties, but what minimum levels must assessors go out and evaluate a particular property, and does that differ commercial versus residential, or...? How is our current statute set up? [LB317]

SENATOR PRICE: Current statute 77-1311.03 says all real property shall be done within a six-year period. It's as simple as that. [LB317]

SENATOR PIRSCH: So, that's existing...? [LB317]

SENATOR PRICE: Yes. [LB317]

SENATOR PIRSCH: And uniform, all... [LB317]

SENATOR PRICE: Right. [LB317]

SENATOR PIRSCH: ...93 counties are under...some counties do operate at a faster clip than six, though not... [LB317]

SENATOR PRICE: Most counties, from my understanding, operate at a faster clip. [LB317]

SENATOR PIRSCH: Not compelled to by law but because they see value in it, is that...? [LB317]

SENATOR PRICE: Right. Because, see, the process as I understand it, Senator Pirsch, is, a plan is generated by the assessor. And that plan is actually agreed upon by the county board. And then the county assessor can go back and employ that plan, and has the latitude to make adjustments as necessary because of the dynamic and fluid nature. But I'm sure you will have one come up and testify, you can ask as many complex questions about the actual processes, where this is focused, you know, on one business rule. Six to three...and definitely with committees that we can be amenable to looking at different aspects, but in the end, I still contend that if the process has the effect, then, of being biased or prejudiced, well, then it is. [LB317]

SENATOR PIRSCH: Yeah. Is it in Sarpy County, is that where they utilize a three-year review? [LB317]

SENATOR PRICE: Again, I'm sure you'll have someone testify on that more, but it's...I want to say that Sarpy County gets almost all property done within two years. And there are multiple ways. As a matter of fact, I believe that now they can actually have an

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assessor...not the assessor but a person in that department can sit and they have siting and they have angle views on satellites, so they can do some of the work from there. It's not all going out to every home with a tape measure and a check board for their sampling rate. [LB317]

SENATOR PIRSCH: And you think in Sarpy, it's two years right now? [LB317]

SENATOR PRICE: Yes, sir. [LB317]

SENATOR PIRSCH: For all residential, or commercial, or both? [LB317]

SENATOR PRICE: I believe all real properties. [LB317]

SENATOR PIRSCH: All real properties. Okay. Thank you. [LB317]

SENATOR SCHUMACHER: Any other questions for Senator Price? Seeing none, Senator. [LB317]

SENATOR PRICE: Thank you and I will waive closing. [LB317]

SENATOR SCHUMACHER: Thank you. Proponents on LB317. This looks like one of my bills. (Laughter) Opponents on LB317. Welcome to the Revenue Committee. [LB317]

DAN PITTMAN: (Exhibit 2) Thank you. Good afternoon, Senator Schumacher and members of the Revenue Committee. My name is Dan Pittman, P-i-t-t-m-a-n. I'm the Sarpy County Assessor. I'm passing out just a short letter for you to review and I would like to read just the summary of that letter as my oral testimony, and then if you have any questions, that would be great. I'm here regarding the opposition to LB317, which requires county assessors in counties with a population greater than 100,000 to inspect and review all parcels of real property in the county every three years. The county assessor is required to initiate a process whereby each parcel of property is inspected and reviewed within a six-year cycle for the purpose of keeping the assessment records current. In the intervening years, with sufficient data, the remaining classes and subclasses that are not subject to inspection may be analyzed and adjusted based upon market analysis and indicators of levels of value. The Nebraska Department of Revenue has generally followed the Standard of Mass Appraisal of Real Property as it was created by the International Association of Assessing Officers. Requiring inspections of real property every three years is not reasonable, due to operating budget and staffing restraints. That's the extent of my testimony but would be happy to take any questions. [LB317]

SENATOR SCHUMACHER: Any questions? Senator Harr. [LB317]

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SENATOR HARR: Just quickly. Have there been more changes in property values, to your knowledge, in the three counties targeted in this legislation or all the other counties in Nebraska in the last...let's say, six years? [LB317]

DAN PITTMAN: I'm not really sure I understand the question...as "more changes." Do you mean like...? [LB317]

SENATOR HARR: Increase in value. Changes in value. [LB317]

DAN PITTMAN: Yeah. Changes in value by the assessor or just the market is changing? I'm sorry, I just... [LB317]

SENATOR HARR: Well, let's start with the market. [LB317]

DAN PITTMAN: Okay. The market, I think as you stated before, you used the term "flat" or something like that, has been very steady, so we've not seen much in the way of increases. [LB317]

SENATOR HARR: In residential. [LB317]

DAN PITTMAN: In residential. [LB317]

SENATOR HARR: And how has ag done? [LB317]

DAN PITTMAN: Ag has increased...ag land has increased substantially. [LB317]

SENATOR SCHUMACHER: Like a rocket. [LB317]

DAN PITTMAN: Like a rocket. [LB317]

SENATOR HARR: Like a rocket. So if there was a lag, probably the lag would be...if we're trying to recapture money, we'd probably want to capture where the greater change is, right? [LB317]

DAN PITTMAN: Oh, sure, yes. [LB317]

SENATOR HARR: You would agree with that? All right. That's it. [LB317]

SENATOR SCHUMACHER: Senator Pirsch. [LB317]

SENATOR PIRSCH: So, with respect, I thought that there was...that the sponsor of the bill had indicated that Sarpy right now uses a two-year cycle? [LB317]

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DAN PITTMAN: No, and, if I might, I could just kind of explain what happens. In Sarpy County we actually revalue property every year. We do it every year. It's not a two-year cycle for us. The bill talks about an inspection every six years. And as I mentioned when I read the summary, in the intervening years, the county assessor has the authority to make adjustments based upon running ratio studies. When you're in a place like Sarpy, Lancaster, Douglas County, you've got a lot of market data coming through, a lot of sales. And we could take those sales, run them against our current assessments, run a sales assessment ratio and find out, are we outside of the acceptable levels of assessment. And I believe a question was asked earlier, what is that acceptable level? If it's residential, you have to fall between 92 and 100 percent of fair market value. Agricultural land, 75 percent. But commercial and industrial, they're 92 to 100 percent of value too. The important point being that even though you might physically inspect a property every six years, we have the authority to look...do statistical analysis, and make updates to values every year, and that's what we do in Sarpy County. [LB317]

SENATOR SCHUMACHER: Any other questions? Senator McCoy. [LB317]

SENATOR McCOY: Thank you, Senator Schumacher; and thank you, Mr. Pittman, for being here. So I'm just trying to understand the nature of your opposition so I'd have it straight. So even though you look at things on an annual basis, what you're saying the nature of your opposition is, is not to...I guess that part of the bill, you're talking about the actual physical inspection. You still want to be on that regular routine, what's customary, six-year cycle. It's the actual physical inspection every three years that you're opposed to. Do I understand that correctly? [LB317]

DAN PITTMAN: That's correct. [LB317]

SENATOR McCOY: Okay. So even though you look at things anyway on an annual basis, you just are opposed to having to do a physical inspection every three years versus every six years. [LB317]

DAN PITTMAN: That's true. And only...in a perfect world, of course, with enough money and enough staff to look at everything every year, how could we be more accurate, if we could look at everything every year physically. You just can't. And I was very pleased when the state of Nebraska recognized the International Association of Assessment Council's standard of every six years, no less than every six years, because that is, in my opinion, more practical from a budget standpoint, from watching how quickly the markets change and the tools we have in the intervening years. Building permits, which Senator Price mentioned, will prompt us to go out and look at something more than every six years. But we can still do those market updates, which are so very important and keep the property value so much closer to true market. And I might mention, too, the Division of Property Assessment from the Nebraska Department of Revenue issues

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a report every year of reports and opinions, and they do the measuring. And they will call us before the Tax Equalization Review Commission if we fall outside of those parameters. So they do measuring themselves to try and police the work that each county does. [LB317]

SENATOR McCOY: Thank you, Mr. Pittman. [LB317]

DAN PITTMAN: Um-hum. [LB317]

SENATOR SCHUMACHER: Any other questions? I just have one. Is your county covered by any of the major indexes like Case-Shiller, and if so, how does it--what you see in valuation--parallel what was stated in those reports? Could they be relied upon for assessment? [LB317]

DAN PITTMAN: I'm not familiar with those reports. We certainly do look at economic studies because we're very curious of what happens throughout the nation real estate-wise. But we're very focused in on what's happening within our borders. [LB317]

SENATOR SCHUMACHER: Any other questions from anyone? Thank you for your testimony. [LB317]

DAN PITTMAN: Thank you. [LB317]

SENATOR SCHUMACHER: Next opponent. [LB317]

LARRY DIX: Good afternoon, Senator Schumacher, members of the Revenue Committee. My name is Larry Dix. I'm executive director of the Nebraska Association of County Officials, appearing today in opposition to LB317. Mr. Pittman really, I think, made it very, very clear that the opposition is coming in the six-year physical inspection, and I'd like to just touch on that just a little bit. And Senator Price, of course, alluded to a situation with the Learning Community and alluded to the fact that because the Learning Community spans a couple of counties, that there seems to be this scenario of differing values. And one of the things when we read this and when we heard, you know, what this was about, although we hear a lot about the Learning Communities, that same discussion could take place across the whole state of Nebraska. We do have other school districts that span multiple counties. And just having been here a number of years, I could tell you that if this bill would pass it wouldn't be long before somebody would make that connection and say, well, hold it, if that's good for Douglas, Sarpy, and Lancaster, well, why isn't that good for Washington, Cass, and Saunders? And then before long, we're going to keep expanding and expanding. And the physical inspection every three years is just something that I don't think, fiscally, it's going to gain us what we think. Now, that being said, residential property must be between 92 and 100 percent. And if in any of these three counties it falls outside of that, then the Property

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Tax Administrator is going to step in and, through the Tax Equalization Review Commission, it's going to be looked at and those properties will have a percentage increase in those areas so they will be brought back into that 92 to 100 percent. And that's what the law calls for. Now, could there be some individual properties that are at 99 percent? And I'm sure I could find some that are at 92.3 percent, and I'm sure that I could take any county in the state and find some on one side that are 97 and some over here that are 93, but that's what the law allows. And that's, through the equalization process, that's how we sort of bring that all into sort of a common area between that 92 and 100 percent. So that being said, even if there...if someone would say, well, county A is not reviewing this at the same frequency that county B is, it will still be brought into that range, and that is the range that we all look at. I think the other statement was made and I would say, you know, if we were in a perfect world and money was never any object, we'd go out and knock on every door every year. But what you would find is many, many of those houses, you'd knock on every door every year and there would be virtually no change from a physical inspection. And I would ask you to think of your own house and when was the last time you added on to it, finished an area, finished a basement, added a garage, added a bathroom. The physical inspection is to look at those types of things, because from year to year you're not going to see that significant amount of just simple depreciation because of weather and elements and things like that. So for that reason, that is why we oppose LB317. I'd be happy to answer any questions you'd have. [LB317]

SENATOR SCHUMACHER: Any questions for Mr. Dix? Just one. In the Omaha area at least, do the major industries like Case-Shiller come into play at all? [LB317]

LARRY DIX: I don't know. I don't know. I know you had asked that question before. I do not know the answer to that. [LB317]

SENATOR SCHUMACHER: Thank you. Any other questions? Thank you. Next opponent. Welcome to Revenue. [LB317]

SEAN KELLEY: (Exhibit 3) Thank you. Good afternoon, Vice Chairman Schumacher and members of the Revenue Committee. My name is Sean Kelley, S-e-a-n K-e-l-l-e-y, appearing today on behalf of the Douglas County Board of Commissioners in opposition to LB317. The Douglas County Board's opposition really lies with the unfunded mandate that comes with LB317. Currently, the Douglas County Assessor does inspect properties within the best practices for assessment in the country, which is six years. So I think that's why that is in statute, because that is a part of best practices. So if that was changed to three years, the assessor's office would foresee double the cost to assess all properties in the county; and the page did distribute a letter from Douglas County Assessor Roger Morrissey explaining this in more detail. I'd be happy to answer any questions you may have. [LB317]

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SENATOR SCHUMACHER: Any questions for Mr. Kelley? Seeing none, thank you for your testimony. [LB317]

SEAN KELLEY: Thank you. [LB317]

SENATOR SCHUMACHER: Next opponent. Anybody neutral? Seeing none. Senator Price waived closing and that will close the hearing on LB317. Senator Pirsch, you're up to bat on LR2CA. Welcome to Revenue, Senator. [LB317]

SENATOR PIRSCH: (Exhibit 4) Senator Schumacher and members of the committee, we're off to a good start. So I'll see if I can keep that going here. LR2CA should be...I anticipate a brief hearing here. It's a simple concept but, I think, an important one. And for the record, I should state my name, Pete, and the last name Pirsch, spelled P-i-r-s-c-h. I represent Legislative District 4 and I am the sponsor of LR2CA. LR2CA would require any legislative bill that imposes or increases the rate of a tax to have the assent of a majority of all members elected to the Legislature plus four. In practical terms, what this means is that new taxes and tax increases would require 29 votes currently to pass instead of the current 25 votes. So, as we on the Revenue Committee know, taxes and tax levels are key to the state's future, and for many reasons. Nebraska in many respects is not a tax friendly state. The Tax Foundation indicates our individual income tax level, for one example, is at 6.84 percent, which is...ranks our state 16th highest in the nation, and our corporate income tax at 7.81 ranks us at approximately 19th highest in the nation. So we should be...we'd do well to keep our eye on that ball, the concept of our tax levels and the effect it has in many arenas not excluding economic development, and ensure, going forward, that the tax burden in the state is competitive in both a regional and national context. And, doing so, I think many of us agree that it would help bring us...ensure that we're not losing population to other states and would help our economy as well. I would point out there are currently 17 states, to my knowledge, it's my understanding, including our neighbors Missouri and South Dakota, which require some sort of supermajority to raise taxes. And so, in essence, this measure would be a way to ensure that future additional tax increases are not added whimsically but, rather, thoughtfully and that, while not forming an insurmountable hurdle, it would...this bill, if enacted...or constitutional amendment, if passed, would work to ensure that new taxes were introduced and debated and passed with thoughtful consideration and with a consensus, a compelling...a clear and compelling reason for existing. So with that, I'll open myself up to questions if anyone has. [LR2CA]

SENATOR SCHUMACHER: Any questions for Senator Pirsch? I just have one, Senator Pirsch. [LR2CA]

SENATOR PIRSCH: Sure. [LR2CA]

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SENATOR SCHUMACHER: Let's say that in a state of...or a case of irrational exuberance, and feelings of great charity, we would cut taxes by 10 percent. And then a year later do a "whoops" and want to put them back to where they were. Would we be prohibited from...will we need the extra four votes to do that? [LR2CA]

SENATOR PIRSCH: To...well, the way that it's currently written would say, if you're imposing a tax or increasing the rate of a tax, then you would. [LR2CA]

SENATOR SCHUMACHER: Okay. So we can go down in taxes with just the 25 votes but can't go back up to where we were if we mess up. [LR2CA]

SENATOR PIRSCH: Right. Most people would not likely move out of a state if you were decreasing taxes...(inaudible) I guess that this bill and this constitutional amendment would propose is that you can...going the other way, create problems. So it does, you know, to the extent that that sustainability and durability is an issue, that I would suspect would be, you know, part of the conversation anytime tax increases or just tax...taxes were being touched on. [LR2CA]

SENATOR SCHUMACHER: Thank you, Senator Pirsch. Any other questions for Senator Pirsch? Thank you, Senator. [LR2CA]

SENATOR PIRSCH: Thank you. [LR2CA]

SENATOR SCHUMACHER: Any proponents for LR2CA? Anyone neutral on LR2CA? Oh, I skipped one, opponents. Opponents on LR2CA? Welcome to the Revenue Committee. [LR2CA]

JUDY DITTMER: (Exhibit 5) Thank you, sir. I need a booster seat here (laugh). Good afternoon. Thank you, Mr. Chairman and members of the Revenue Committee. My name is Judy Dittmer, J-u-d-y D-i-t-t-m-e-r. I'm here today representing AARP. AARP opposes LR2CA. Like 48 other states, Nebraska's budget must be balanced. Every two years a biennial budget must be adopted with sufficient revenue to cover the cost of the programs for which state funds have been appropriated. This system has served Nebraska well. Our state finances are in good shape. Our programs and services, with few exceptions, are producing positive results. LR2CA would require 59 percent of the members of the Legislature to vote for a bill that imposes a tax or increases the rate of a tax in order for that bill to pass. LR2CA would disrupt the balance that has contributed to Nebraska's fiscal stability. It creates a disadvantage for one type of legislative action, tax increases, that may be required to produce enough revenue to balance the budget. Requiring a supermajority to increase taxes but only requiring a simple majority to pass a tax or spending cut tilts the budget balancing activity toward spending cuts, which disproportionately hurts lower-income and vulnerable populations while protecting tax expenditures, which disproportionately benefit higher-income people. This requirement

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would make it more difficult to finance programs that have been deemed to be a priority and established by a majority of the Legislature. We urge you to indefinitely postpone LR2CA. Thank you for your time. [LR2CA]

SENATOR SCHUMACHER: Any questions? Seeing none, thank you for your testimony. Any other opponents? Okay, now any neutral? Seeing none, that closes the hearing on LR2CA. Oh, you want to close? [LR2CA]

SENATOR PIRSCH: I'll waive, yeah. [LR2CA]

SENATOR SCHUMACHER: Now we're down to the last one. Senator Schilz, LB62. We've been using the light system, Senator, and we've been only using the red light. [LB62]

SENATOR SCHILZ: An expedited system for the good senator, right? [LB62]

SENATOR SCHUMACHER: Welcome to Revenue, Senator. [LB62]

SENATOR SCHILZ: (Exhibit 6) Thank you, Senator Schumacher and members of the Revenue Committee. My name is Ken Schilz, K-e-n S-c-h-i-l-z, and I represent Legislative District 47. I'm here today to introduce LB62. LB62 restores property tax levy authority to fire protection districts by repealing the requirement that the county board approve the levy of the fire districts within the county boundaries. In order to explain the legislation further I need to jump back to 1996 and LB1114. In response to a statewide citizens' petition circulated to limit the state funding, state spending, and local government tax levies, the Legislature was pressed into introducing legislation to establish such levies...such levy limits. One of the responses was the passage of LB1114. LB1114, passed in '96, became effective July 1 of 1998, placed new constraints on local government finances. It placed levy limits on seven categories of local governments and required all other subdivisions to be allocated taxing authority by either cities or counties. Since fire districts were authorized to be created by county boards several decades ago, counties were given the responsibility in LB1114 for allocating levy authority to rural and suburban fire protection districts. Counties are authorized but not required to allocate up to 15 cents of levy authority to the miscellaneous political subdivisions under their jurisdiction, including fire protection districts. However, any tax levy that a county allocates to the miscellaneous political subdivisions are subtracted from the county's own capacity to levy taxes to pay for county services. Therefore, rather than cut any of the county's own operations, a county could use the entire 45 cents of levy authority to fund its own operations. This decision to use the entire 45-cent levy authority to fund its own operations has pushed several counties to allocate zero taxing authority to any fire districts within that county. This last point has proved to be critical in the taxing operations of several fire protection districts in Nebraska, in that anything that a county levies to fund its own county services eats

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into the 45-cent levy authority granted to counties, which results in zero taxing authority to pass on to the fire protection districts. The experiment initiated by the passage of LB1114 has failed and it has failed severely. Fire districts provide emergency fire protection services and emergency medical services throughout a vast portion of the state. However, these essential governmental services of fire protection and emergency medical service are being left completely unfunded when the counties refuse to allocate any levy authority to fire protection districts. When counties refuse to provide any levy authority to a fire protection district, this essential function of government is forced to go to the citizens in the area, asking them to support a vote to override the county board's decision in granting fire districts zero levy authority. That is not what LB1114 was created to do. The vote to exceed the zero levy authority can be made at a primary, general, or special election; or in lieu of an election, a vote may be taken at a town hall meeting. At a town hall meeting, the levy authority is only effective for one year. Under an election held during a primary, general, or special election, the levy authority is effective for five years. When a fire district is forced to go to a vote either at an election or at a town hall meeting, the burden for promoting the levy approval falls upon the volunteer department serving the county. Volunteers trying to juggle their full-time jobs and the hours devoted to responding to emergencies, as well as participating in training, must also now conduct informational meetings, go door to door to solicit support, place ads in the local newspapers, etcetera, in an effort to educate citizens. The public needs to be educated as to the reasons why the vote is essential to continue with the emergency fire suppression and emergency medical services. Additionally, the fire district must pay for that election. This process of denying fire protection districts any levy authority has become a huge mismanagement of government and a huge mistake. Finally, in working with the representatives of the Nebraska Association of County Officials, I am supplying you with an amendment which would remove fire protection districts from having the ability to have a town hall vote to approve a levy in excess of the levy adopted by the fire district board. This is an amendment which was agreed upon and accomplishes two things. First, it removes an objection to the legislation posed by NACO and, two, it brings...it now brings NACO in as a proponent of the legislation. I ask that you advance LB62 from the committee to General File and adopt the amendment. Mr. Stilmock is here representing the Nebraska State Volunteer Firefighters Association and will be following my testimony for any additional questions. And at this time, I'd answer any questions you might have. [LB62]

SENATOR SCHUMACHER: Any questions for Senator Schilz? I don't believe so. [LB62]

SENATOR SCHILZ: You were trying, though, weren't you? [LB62]

SENATOR SCHUMACHER: We're trying. [LB62]

SENATOR SCHILZ: Thanks. [LB62]

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SENATOR SCHUMACHER: You going to stick around to close? [LB62]

SENATOR SCHILZ: Yeah, I'll stick around for a little bit. [LB62]

SENATOR SCHUMACHER: Proponents for LB62. Welcome to the Revenue Committee. [LB62]

JIM HORN: (Exhibit 7) Senator Schumacher, my neighbor...from my neighboring district, and Revenue Committee, my name is Jim Horn, J-i-m H-o-r-n. I'm second vice president of the Nebraska State Volunteer Firefighters Association, a 39-year member of the Schuyler Fire and Rescue Departments, a member of the city of Schuyler planning and zoning committee, as well as secretary-treasurer of the Rural Fire District 3. I'm here today to ask your support for LB62. In my position as second vice president of the Nebraska State Firefighters Association, I've traveled most of the eastern part of Nebraska as well as some out west, visiting fire departments' mutual aid meetings, and I have seen what the present taxing system has done to most of the fire departments. They have very little money to operate on, let alone purchase much-needed equipment. Being on the Colfax County Rural Fire District 3 board and talking to other rural fire board members throughout the state of Nebraska, I can assure this committee that since many, if not most, of the fire district board members are farmers, and therefore responsible to pay a large portion of the tax dollars that support the fire districts, they are, and will continue to be, very conservative in their spending for the fire districts. I thank you for giving me this opportunity to come before you and voice my support for LB62. [LB62]

SENATOR SCHUMACHER: Any questions for Mr. Horn? Seeing none, thank you for your testimony. [LB62]

JIM HORN: Thank you. [LB62]

SENATOR SCHUMACHER: Next proponent. Welcome to the Revenue Committee. [LB62]

JERRY STILMOCK: (Exhibit 7) Good afternoon, sir, members of the committee. My name is Jerry Stilmock, J-e-r-r-y, Stilmock, S-t-i-l-m-o-c-k, testifying on behalf of my clients, the Nebraska State Volunteer Firefighters Association and the Nebraska Fire Chiefs Association, in support of LB62. My message, please, that I'd like to convey is that the experiment failed. The experiment failed because nobody knew how this was going to turn out when Jerry Warner...then-Senator Jerry Warner thought of the concept of having miscellaneous districts look upwards, if you will, to the counties for levy authority. It's my belief that Senator Warner intended that public safety services would be funded at least to some extent, and maybe if what that miscellaneous district was not

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satisfied with, in receiving something, there would be the ability through LB1114 back in 1996, implemented in 1998, to have that political subdivision, the fire district, go to a vote to say, we're not satisfied with what the county did; we think we need more. And Senator Warner thought out very well, and carried on later, then, by Senator Wickersham, who carried on the torch for LB1114. What was not anticipated, I believe, is that a necessary public service, fire and rescue protection throughout the state, would be handed a goose egg, that there would be no levy authority; and that's exactly what has happened. In the time that it's taken to get us here, since 1998, we now have nine counties that provide, some would say are forced to, some would say by choice, we have nine counties, nonetheless, in Nebraska that provide no levy authority to fire protection districts. Think in terms of those miscellaneous districts, who they are and what they do. The miscellaneous districts include cemetery districts, ag societies. Very important, but we've created a situation where counties are forced, in several instances, to allocate zero levy authority for what...for necessary public safety, fire, and rescue. And that's why I think the message I want to convey is that the experiment failed. There was nobody ahead of the Legislature in '98 that decided, hey, this looks like it will work, let's do this, in forming the thoughts in creating LB1114. So what happens, the end result. You all went through, and you had to get your name out in front of the electorate in your districts, and I just ask you to consider that. You wanted to do something. You wanted to seek office here. You went to Rotaries, you went to Sertoma, you went to Farm Bureaus. You went to all the different organizations in your communities, for what? To get yourself elected. And that took a lot of work. It took a lot of time, and it was more than just you, yourself. It was your family members, it was the people that believed in you, and that's exactly what these volunteers are doing throughout the state, at least--I can assure you--in these nine counties. They're doing this for what reason? They're not trying to get elected. They're doing this because they want to go out and they want to serve the public by volunteering. That's what they're campaigning for. Because when they go out the door, after that fire meeting, the organizational meeting: Joe, Pete, Harry, you take this block. So on and so on and so on. We're going to attack this town...excuse me, we're going to attack this area of the rural part of our fire district and we are going to have to go out, folks, we're going to have to beat the bushes and we're going to have to campaign like the dickens. Why? Because we don't have workers' comp insurance premiums paid for because we don't have any levy authority. We're going to go out there and campaign. For why? So we can put fuel in the fire trucks so we can go out and serve as volunteers. And because this morning was a part of what we've done today, they get to go out and spend...one gentleman told me, out of the last 34 calendar days during the summer, in the heat of the battle, if you will, he spent 28 days away from his employment. Consecutive days. Twenty-eight days away from his employment as a sole proprietor. He's a diesel mechanic. Why? So he could serve the public. It wasn't even in his area. He went as a part of the mutual aid team. The message is, going back to your campaigning, that's what the volunteers in these nine counties are forced to do. I included the article...I'll conclude because it's late. And it's the last bill and it's the last day. I included the article at the very beginning of the

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packet about Westside District 66, and I included it for the pointed reason of the failed experiment. In that reading, you'll see that the school district has a cap that the Legislature set for education. And the school district, looking at that cap, said, you know, we want more for our students; we're not satisfied with the X percent that the cap is set at for education for school districts; we want more; let's go to the levy override. And the Omaha World-Herald says, "Let's support Omaha Westside." We don't have that opportunity. Just to go out and volunteer, we have to go from zip, zero, nothing and fight to get that levy allocation. And I think that's wrong. I think that's philosophically wrong to make a public safety service, particularly ones that volunteer, to have to go out and bang on doors and take their time away from their families, which we're already asking them to do, realizing they're volunteers. They put up their hand, they said, I will. But we're laying another layer of requirement. And it just doesn't sound right. It isn't right. Little too dramatic for the close of the day. But I've heard in the past, "Jerry, this isn't like a tax increase. How do you make it sound like it's not a tax increase?" In order to get where they need to go, fire districts, they're already...picture, if I can just give you one illustration. That county is already at 50 cents; 30 is the base, 15 cents discretionary funding gets me to 45. Forty-five, and then a county is allowed another nickel if there's interlocal agreements. So that takes me up to 50 cents. The county is maxed out. There's 50 cents. We already have fire districts that are bumping, being forced out, so the county is at 50 cents, fire districts need something so they can go volunteer, so they add another 3 cents by going out to get this vote. They're already exceeded. They already are a tax increase. Finally, then...I said "finally" three times, I'm going to stop. The elections cost. So when these fire districts go out and have these elections, it costs money. One of the items is, what happens in a general election year, 2012? No skin in the game. Five hundred bucks shared around five different fire districts in the county, big deal. Go away, Jerry. In a...when that five years expires, as it has in years past, in a five-year rotation, because that's how long the general election vote is good for, when that expires in a nonelection year, we're dropping another five, six, seven grand in a county to fund to pay those fire districts. I'd appreciate your support. I know the volunteers would appreciate your support, for those nine counties. Is nine enough? It was six a couple of years ago. We're up to nine. The volunteers in the nine think it's enough, and I'd ask your support, please. Thank you. [LB62]

SENATOR SCHUMACHER: Any questions for Mr. Stilmock? [LB62]

SENATOR HANSEN: I have a question. It's probably more of a statement. I thought I knew what mutual aid was, in the past. This last summer I really found out what mutual aid was. Towns 70 miles away came to fight a fire north of North Platte. And I don't know how they could afford it. I mean, their trucks...I mean, they brought a tanker truck, two firefighters from Paxton north of North Platte to fight a fire. I don't know how they afforded that. They could have called and said, well, we have to take care of what's going on in Keith County; but they came. [LB62]

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JERRY STILMOCK: It wasn't a question, it was a comment, but all I can do as a representative, I will be glad to take that message back. It's not allocated to me, it's not directed to me, because I wasn't out there, but I would be glad to take it to the men and ladies who have served this past year and in the years past. [LB62]

SENATOR HANSEN: Thank you. [LB62]

JERRY STILMOCK: Yes, sir. Thank you. [LB62]

SENATOR SCHUMACHER: Any other input from members of the committee? Seeing none, thank you, Mr. Stilmock. [LB62]

JERRY STILMOCK: Thank you, Senators. [LB62]

SENATOR SCHUMACHER: More proponents for LB62. Welcome to the Revenue Committee. [LB62]

JACK ANDERSEN: (Exhibit 9) Good afternoon, Senator Schumacher and members of the Revenue Committee. My name is Jack Andersen, J-a-c-k A-n-d-e-r-s-e-n. Thank you for this opportunity to appear before you today. I am a member of the Sheridan County Board of Commissioners and I'm authorized to convey the board's support of LB62 as it was originally presented. And I hope that I can kind of go on and say why I said that. Six rural fire districts provide fire protection for rural Sheridan County. Fire districts' boundaries do not stop at a county line. Four of those districts are based in Sheridan County and are subject to Sheridan County constitutional limit. Two are based in Box Butte County and fall under Box Butte County's lid. Since 2004, all of those based in Sheridan County have gone to the voters and received authority to levy outside of the Sheridan County lid. Ironically, the two districts that are still under the lid in neighboring Box Butte County have the highest levy of the six districts. Taxes for rural fire protection districts are only levied on land within the districts' boundaries. Currently the constitutional limit is such that no levy on land within the county can be at a rate more than the limit. When a district, fire, hospital, special road district, etcetera, has boundaries that cross the county lines, the levy limit of the county with the greatest portion of the district applies. The result is that some levies are actually above the limit without a vote to exceed the limit, while a neighbor is paying at a lower rate even though he's been subject to the cost of going to...of their district going to the expense of placing the issue on a ballot. Districts with boundaries that cross county lines really shouldn't be placed under a limit of spending within that county. The board members of rural fire protection districts are elected at an annual meeting. The meeting is advertised and anyone within the district has a vote and the option of running for the position. Some have said that is not a true election, as turnout is usually quite low and not many are interested enough to want a position on that board. If we use the number of candidates and the voter turnout as a guide in defining an election, I suspect that many elections

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would not qualify. The last time I ran I didn't have any opposition. I think the voter turnout was the low 30 percents. Then, would that not qualify as an election? I contend that rural fire districts are comprised of elected members. Having said that, I did ask two of our local board members if they would object to having their position filled by ballot at the general election. Both said they would not object. I would hope that we do not go that route, as it seems it would just add additional expense to fix a problem that I really feel don't exist. We just need to give them the authority that they used to have to levy a tax that will allow them to do the job that they are good at. And I really felt like I was getting hammered on and the picture being painted that those nasty commissioners don't care enough about our fire districts that they will allow them any money. That's not true. I don't think you'll find a commissioner out there that is opposed to fire districts. It's just that we as a commissioner have to provide some services. You tell us what we may provide, what we may not provide, and what we must...shall provide. And we just do the best we can with it, but when it comes to somewhere when we get that 50-cent limit, somebody needs to be outside of it. People in my area have said, well, you could just eliminate the county fair and eliminate the museums, give that to the fire districts and...yeah, but that's only less than a third of what they're asking for. They're needing maybe almost 3 cents and we're levying less than one for the both of them. I would say that probably it would be rather hard for a county fair board to get the people to allow them levy authority and I don't think that there's...it's something that we can't live with, but we just don't have the room for the fire districts. Now, I wasn't aware of the amendment that's up, and I'm on the NACO board and I guess I should have been, but, Larry, I'm sorry, I need to look at that a little bit more, but I think that maybe that amendment might be causing damage. If we have a district, as an example at Hay Springs, and on your sheet I think you'll see that Hay Springs' levy currently is .0211 cents, Gordon actually is .019 cents per one hundred dollars valuations. Those districts got hit really, really hard last year with the fires in Sheridan and Dawes Counties and Cherry County. It could conceivably be that they need to exceed their levy by more than the two and a half cents that is allowed, three and a half with a supermajority vote. They may actually need to go to a town hall meeting or something for a one-time deal to kind of get themselves back in a position where they can pay their bills. And so I really...I'm going to have to read that amendment before I could say that I support the bill totally with that amendment. I do support the bill totally as it was originally presented. And, with that, I've taken up more than my share of time, and I would hope maybe you'll have questions that I can answer. [LB62]

SENATOR SCHUMACHER: Any questions for Mr. Andersen? I think you probably get the prize today for coming the farthest. (Laughter) [LB62]

JACK ANDERSEN: I'm not sure that that counts for much, but it is a little bit of a jaunt of a drive. [LB62]

SENATOR SCHUMACHER: Well, it does count for a lot. The system isn't set up real

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well to accommodate such distances, and when you make such an extraordinary effort, we really appreciate it. Any other questions, comments? Thank you for your testimony. [LB62]

JACK ANDERSEN: Thank you. [LB62]

SENATOR SCHUMACHER: "Re-welcome" to Revenue. [LB62]

LARRY DIX: I may be the last of the last of the last. [LB62]

SENATOR HARR: Let's hope. [LB62]

LARRY DIX: (Laughter) Directed at me personally? Good afternoon, Senator Schumacher and members of the committee. For the record, my name is Larry Dix. I'm executive director of the Nebraska Association of County Officials, appearing today in support of LB62. And let me address just a couple of things. What I handed out to you is a section out of our county board handbook. And we've had a lot of talk about miscellaneous districts and things like that, and so if I can take you through that. Political subdivision levy limits, you'll see on the first page, you see where the counties are and that our levy limit is actually a constitutional levy limit, and then you see the school's learning communities, community colleges, ESUs, cities and villages, and SIDs. And when you turn the page, then you go into the miscellaneous districts that are subject to county board allocation. And that's where we're talking about today; the fire districts are one of those that fall under the county board allocation. And so you'll see there are numerous different entities that come to county boards to get allocation for levy authority. And so back when Senator Schilz referred to, at the time when the legislation was introduced, this was the scheme that was set up so that we would know which folks will come under the county board's allocation. And then to explain Senator Schilz's amendment, is, if we were to...if this bill were to pass with the amendment, the fire districts would move out to the front page, in essence. So they would be treated like an ESU, like a city, like an SID, like a Natural Resource, community college, learning community. So any of those folks that want to exceed their levy limit, any of those have to go to a vote of the people. They cannot have...a city can't just have a town hall meeting and say, yep, we're going to exceed it. So that's the reason why we looked at having the amendment, because they would have levy authority just like all these other entities, and so they, in our mind, they should fall under the same rules that these entities do in taking it to a vote of the people. So that's why we worked on that amendment. Certainly, as Senator Schilz had mentioned, that was one of the components we felt fairly strongly about, so they would be treated like the others. This sheet simply is for your reference. I don't think I have anything to add in addition to that, but I would be happy to answer any questions anybody would have. [LB62]

SENATOR SCHUMACHER: Any questions of Mr. Dix? Seeing none, thank you for your

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testimony. [LB62]

LARRY DIX: Thank you. [LB62]

SENATOR SCHUMACHER: Any more proponents? [LB62]

SENATOR HARR: Ms. Kintner hasn't testified this year. [LB62]

SENATOR SCHUMACHER: Well, I think that that's...(Laughter) Any opponents? You can be neutral, if you want. Anybody neutral? That concludes...oops, we've got to have a closing. [LB62]

SENATOR SCHILZ: If everybody is good with it, I don't have to close. (Laughter) I've got about an hour and 15 minutes. (Laughter) I'll waive. [LB62]

SENATOR SCHUMACHER: Closing is a mandatory two hours in this committee (laugh). Senator Schilz waives, and that closes the hearing on LB62. [LB62]