

everybody, regardless of age, regardless of income, regardless of assessed value, that sort of thing, gets \$27.07 worth of homestead exemption off of their real estate tax load. That is being paid back to the political subdivisions right now. It costs the State of Nebraska \$5.8 million. What I am doing is increasing that exemption from \$27 up to \$45. So the person that lives in Bellwood, Nebraska where the real estate tax load is a problem to them, but the significant percentage, for example, of the tax on their real estate, the \$45 equals, is a considerably higher percentage than it would be in Lincoln or Omaha. But, by the same token, the people in Lincoln, Omaha, or any other urban area--Grand Island, Hastings, Kearney, all of them, they at least would then have some kind of property tax relief, the real estate property tax relief. What this particular bill would do would be strictly to convert the present \$27.07 homestead exemption for everyone to \$45. We then...and we are not touching the homestead exemption for the elderly, the veterans groups, that sort of thing. We're leaving that just the way it is. We're just getting the across the board real estate tax exemption for homestead purposes increased from \$27 to \$45. The total cost on this particular amendment is \$9,600,000, that is including the \$5.8. How do we fund that? You'll notice on the back of each of your agendas we have the financial breakdown for the state. You'll notice in there that the projected revenue is \$519,800,000. Then from that we subtract a reserve requirement of 6 percent, which is \$28,800,000. Those of us that have been here for awhile know that that reserve requirement, right now, is 3 percent, not 6 percent. Consequently, what we could do to fund this so that we do not trigger any sales or income tax increase is to drop the 6 percent reserve that we're talking about on the sheet to 4 percent. That produces \$9.6. That is exactly what this particular amendment costs. We are offsetting the costs of this particular amendment by a reduction in the reserve that actually doesn't even exist right now, the 6 percent reserve requirement. It is actually 3 percent right now. We would be increasing that to 4 percent and leaving 4 percent on there.

PRESIDENT: You have one minute.

SENATOR GOODRICH: Thank you. By leaving four percent on there that is still higher than what it is now, but we could use the extra surplus which is kind of a manufactured surplus, or manufactured deduction, we could offset the cost of this with a reduction from 6 down to 4. The people in the urban areas of Nebraska would get something out of it. Then this particular bill would have a chance of picking up anywhere from 6 to 8 additional votes that I can count. Thank you.

PRESIDENT: Senator Simon.

SENATOR SIMON: I'd like to continue in the vein that Senator Goodrich has talked about and explain the amendment that Senator Goodrich and I have offered to the body. First let me just say that this certainly would make each one of you heroes in your district by offering property tax relief which is so desperately needed across the state. I can think of no tax which is more unfair than the property tax, and which this amendment can do more to help them. I would refer you to the sheet which you have, which I passed out just a few minutes ago, that shows what very likely would happen if LB 518 is passed. There is the values on a 50, 40, 30, and 20 thousand dollar house, both at 33 percent, which would be the ultimate of course in assessment, and then at 25 percent which would be a high figure, more closely aligned to what might