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LB 285

is less of an incentive than there is in LB 1 for every subdivision to continually add 7% to their levy each year just to protect their base. This way at least for one year they can levy less than 7% or even provide a decrease and use up cash reserves or other sources of income and still protect their base.

PRESIDENT: One minute, Senator Carsten.

SENATOR CARSTEN: Section 12 is the lid section. Basically it provides that subdivisions shall not adopt budget statements, again pursuant to the existent budget act, in which the combined receipts from state and local tax sources exceeds an increase of more than 7% above the base. We took out the three year average percentage that is in LB 1 for two reasons. First, the three year provision serves to provide an undue advantage to those who have increased their budgets faster than 7% while restricting those that grown slower to a maximum at 7%. Second, it appears that the three year average is not much of a lid. Instead by allowing subdivisions to grow at the rate they have been over the preceding three years, their increase could vary from seven to who knows how high. A 7% lid for all possible shortcomings at least treats everyone equally. Over to section 15, this section provides that if the Legislature provides increased taxing authority to any type of subdivision, for an example, increasing a mill levy limit that the subdivision could levy that new authority for one year without it being limited. Thereafter, however, it would become a part of the base and would fall under the 7% lid.

PRESIDENT: Senator Carsten, if you need additional time, if there is no objection, I am just going to allow you to finish. Senator Duis.

SENATOR DUIS: Mr. President, may I give my time?

PRESIDENT: Well we have several that will give the time but we have, Senator Duis, we have an amendment to the committee amendments on the desk which should be taken up next so I would prefer just to give Senator Carsten time to finish his presentation if that is agreeable to the body. So, no objections, Senator Carsten, proceed to finish with your explanation.

SENATOR CARSTEN: Thank you, Mr. President, I appreciate it. Section 16 provides that the 7% lid can be increased