

I'm rising in opposition to the advancement of LB 1207. This has been a good discussion, actually, and it can even get better as the afternoon progresses, it seems to me. LB 271, which we passed in 1985, in retrospect really was a question of passing legislation too quickly. The 1984 decision of the Nebraska Supreme Court caused us to come back into special session and propose a constitutional amendment, which the voters ultimately adopted. We then set about implementing the amendment under 271. Let me tell you some things that I find very interesting historically. You know we have always valued farm and ranch land in Nebraska using an earnings capacity approach. That's been the approach to value. But in the end we've always known that those values have got to somehow yield actual value. And we've interpreted actual value to effectively be market value. I think that's been kind of a rough rule of thumb. Back in 1984, in the Buffalo County case, using our traditional method of valuing farm land, farm and ranch land in Buffalo County was valued at about 45 percent of what residential and industrial values were in Buffalo County. If we had not passed LB 271, if we had not amended the Nebraska Constitution, if we simply had continued to follow the then existing methodology for valuing farm and ranch land, farm and ranch land values today would be even closer to actual value than they are because of 271. Bill Locke, from the Legislative Research office, presented that data to the Nebraska Legislature. And I sort of smiled inside because I realized that all of the good works that Senator Landis and I and some others set out doing in 1985, in some respects, was unintentionally counter productive. Because if we had just simply let the system be, if we literally had let old methodologies continue to work, and old methodologies were an earning capacity methodology, that was the old methodology, farm and ranch land values today, for real property tax purposes, would be closer to market value than they are under the 271 approach. The problem with the 271 approach lay in ranching values, it lies essentially in ranch land. The reason there is a problem in ranch land is because 271 is using an artificial capitalization rate that has not a real relationship to real values, or to actual values for ranch land. Those artificial rates were not used, they were not used prior to 271. In the regular earning capacity approach, which the government, our government, used for years and years and years, those artificial rates were not used, and the values that were produced, while substantially less than what a sales value would produce for farm and ranch land because of the inflation occurring in land values, nonetheless yielded more accurate earning values than