

first year local governments are operating under the budget limitation imposed by LB 1059. That lid allowed the subdivisions a 4 percent property tax increase, plus an additional 1 percent with a three-fourths majority vote of the governing body. It was apparent at the time of our discussions on LB 1059 that, to assure the additional state aid to education we intended to put into the system had its desired effect on property tax bills, it was necessary to restrain the budget growth of local governments. The agreement reached, with my understanding, on that bill was that the lid would be cumulative over the two years compounded from the '89-90 tax year. In other words, if a governing body chose not to use the full budget growth amount in the first year, that unused authority would carry over into the next. What happened is that some local governments increased property taxes up to the full 4 percent limit and some went beyond that with the additional 1 percent with the three-fourths majority vote. At the same time, some did not go the full 4 percent lid and some, in fact, adopted budgets calling for a zero increase or sometimes decreases with the understanding that, if need be, they could take advantage of the cumulative lid later. Now we are considering a bill that would change the rules after only one year. LB 829, as currently amended, would scrap LB 1059's cumulative lid provisions and impose in its place a zero property tax lid. Local governments would then have the option to request up to a 5 percent increase but only by a three-fourths majority vote of the governing body. My amendment, therefore, provides that those subdivisions which voluntarily held their property tax requirements to a zero percent or less increase the current year may avail themselves of the 5 percent increase as proposed under 829 with a simple majority vote. I believe the Governor's proposed creates...proposal creates a situation where those who chose to be frugal in the current year will be inadvertently penalized. It's entirely possible that some governments may be realizing up to a 10 percent budget growth over a two-year period while others which held their budget growth to zero this year could be locked into a second year of no growth. By allowing a simple majority in those cases to reach 5 percent, we at least give them a reasonable chance to play catch-up if necessary. This amendment is simple and straightforward and I urge your consideration and approval. Thank you, Mr. Speaker.

SPEAKER BAACK: Thank you, Senator Lowell Johnson. I do have a list of speakers. I will check to see if you wish to speak to