

TRANSCRIPT PREPARED BY THE CLERK OF THE LEGISLATURE
Transcriber's Office

April 7, 1999

LB 271

reason that as we began our discussion of the issue, that it became quite apparent to us that due to the variety of uses to which property is put and the manner in which it's held that we needed to make some other special provisions. And before we go on to those provisions, I might also note that there is a provision that impacts charitable foundations and those foundations are going to have their property exempted under a much narrower test than the current law provides. They will either...they will have to be in direct support of a exempt organization in order to be exempted. We think that that is a more reasonable test than the one that is in current law, and you may have heard something about that particular kind of an exemption as well. But let me...let me begin to outline the discussion about the governmental property because, again, I assume that is where you're going to...where the most discussion is going to occur, and we'll have a handout for you later on. It is not completely prepared and available for discussion this afternoon, but when we come back to this bill, you'll have it or we'll circulate it in the mail so you can take a look at it before we take up this bill again. But let me suggest to you that there are about seven or eight different categories or circumstances that you want to examine to determine what effect you want to have in a particular instance. For example, if you have a governmental entity and it is owning and holding property exclusively for what you would say is a public purpose, that should not be subject to tax. I don't think anybody would disagree. We don't want, for example, to have this Capitol Building subject to tax in the county of Lancaster or the city of Lincoln. Sorry, Lincoln. But I don't think anybody disagrees with that result and the bill doesn't affect that result. On the other hand, if this building, this Capitol Building, were converted into a hotel or an office building and it was not used directly for a...was not used for a governmental purpose, would we make the same decision? Then you have a governmental entity holding property and looking like a private property owner. They are using it for purposes that you and I would own a building for. It's exclusively for what you would characterize as a private purpose. Would you make a different decision in that regard? The committee amendment says that if it isn't used for that governmental purpose, then it's subject to tax. We expect that over time there will be a considerable amount of discussion about exactly what is a public purpose.