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LB 271

SENATOR CUDABACK: Time. Thank you, Senator Bromm. Senator Chris Peterson, followed by Senator Raikes, Byars, Bromm, Smith, and Senator Wickersham. Senator Chris Peterson.

SENATOR C. PETERSON: Thank you. Thank you, Senator Cudaback, members of the body. And I think that, obviously, we're coming up with some issues to show the complexity of LB 271. But I would like to go back to several basic things that I think we need to keep in mind. The constitutional amendment that was passed said that land that is owned by a political subdivision or a governmental subdivision is exempt from property taxes if it is used for a public purpose. The amendment of Senator Landis is on page 4 of the bill, and it says, unleased property, or property leased at a fair market value, of the state or its governmental subdivision which is not being used for a public purpose. So the issue of the assessors and the public purpose, that is a separate issue from what we're talking about right now. It is a complicated issue on its own, but we are dealing with land that is used not for a public purpose. And in that case then, the constitutional amendment gave the Legislature the option to do three things. They may exempt the property, they may have the property pay property tax, or they may do a payment in lieu of tax. Those are the three options that we have, if land is not being used for a public purpose. What the amendment does then, a second step is, it levels the playing field, which is another concern, about pitting private entities against the government. What it says is that there has to be...the lease has to be at a fair market value. The issue, then, is how hard is that to do for a county assessor, because the county assessor will determine that. For those of you who are familiar with cash rent...I believe Senator Smith was alluding to this...when you do a cash rent, there is a pretty much set three-fifths income to the lessee, two-fifths income to the lessor, and that is based upon the amount to the lessee. The person who owns the land is the one that has the property tax, and so the lease itself is what we're looking at. We're looking at the lease itself being based on a fair market value. In order to do that, there are a number of ways you could do it. You could have an established rate of bidding, as we've already heard that the educational lands do. You can follow the customary contractual...the practices such as I just mentioned, three-fifths/two-fifths. Or you could have an appraisal report