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LB 600

income methodology set out in the bill so the definition of agricultural land becomes critical. If you're not agricultural land, you don't receive that treatment. If you are agricultural land, that methodology is used. So the definition of ag land I would suggest to you is something that is important and it is set out in some detail in the bill. There is a, in Section 4, Senator Coordsen discussed the fact that under the current law there is a discount against the market value as finally determined at 20 percent, that ag land is taxed on 80 percent of its value. And that, and of course, we're only using 80 percent of the value in the state aid formula as well. You'll find several references in the committee amendments to a dropping back to existing law and that 80 percent discount in the event LB 600 was declared unconstitutional. Those provisions are in the bill to make clear that if for some reason LB 600 was declared unconstitutional that the prior law, that is the law that was in existence before the enactment of LB 600 because LB 600 repeals various provisions of existing law, that those provisions of existing law would be reinstated so that we would in fact go back to the 80 percent valuation methodology that we have currently for ag land. Some of us had a concern that if we did not add that provision and LB 600, for whatever reason, was determined to be unconstitutional, that we would have ag lands valued at 100 percent of market value. There are provisions that in some ways are consistent with existing methodology for the categorization, classification of agricultural land for purposes of taxation or valuation in the state of Nebraska. Those provisions are in Section 5. There are some changes that I think pertain to farm sites and farm home sites that are the result of work that was...a bill that was passed a year ago, LB...two years ago, LB 419 that was also Senator Coordsen's bill. There are some changes there. You need to look at those items. There is a definition of the income items, for example, that are used in the top part of the formula for the valuation of ag land. If you're going to use an income methodology, you have to produce a net income stream and then divide that net income stream by the capitalization rate. The income stream is the product of two different components, one is, of course, raw income. There's a methodology for determining raw income that is stated in the amendment. There is then a necessity to deduct from raw income expenses. And there is a listing in the