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Revenue Committee  
January 28, 2011

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[LB118]

The Committee on Revenue met at 1:30 p.m. on Friday, January 28, 2011, in Room 1524 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB118. Senators present: Abbie Cornett, Chairperson; Greg Adams; Deb Fischer; Galen Hadley; LeRoy Louden; and Pete Pirsch. Senators absent: Dennis Utter, Vice Chairperson; and Dave Pankonin. [LB118]

SENATOR CORNETT: I'm just going to go ahead. My name is Senator Abbie Cornett and I'm from Bellevue. To my left would normally be Vice Chair Senator Dennis Utter from Hastings. He is excused today. Senator Deb Fischer from Valentine. Senator Greg Adams from York will be joining us. To my far right, Senator Pankonin is also excused today. Senator Pete Pirsch from Omaha; Senator LeRoy Louden from Ellsworth; Senator Galen Hadley from Kearney. The research analysts are Stephen Moore, to my right, and then Bill Lock will be joining us. Committee clerk is Matt Rathje and our pages are Marilyn Buresh and Amara Meyer. Before we begin the hearings today could I please ask everyone to turn their cell phones to either the off or vibrate while in the hearing room. Sign-in sheets for testifiers are by both back doors and need to be completed prior to testifying. If you are testifying on more than one bill, a form needs to be completed for each bill. Please print your name and complete the form prior to coming up to testify. When you do come up, hand your form to the committee clerk. There are also clipboards at the back of the room with a sign-in sheet if you do not wish to testify but wish to indicate either your support or opposition to a bill. These sheets will be included in the official record. We will follow the agenda posted on the door. The introducer or representative will present the bill, followed by proponents, opponents, or neutral. Only the introducer will be allowed the right for closing remarks. As you begin your testimony, please state and spell your name for the record. If you have handouts, please bring ten copies for the committee and staff. If you only have the original, we will make copies. Please give the handouts to the pages to circulate to the committee. With that, we will begin today's hearing. Senator Avery, you are recognized to open on LB118. [LB118]

SENATOR AVERY: (Exhibit 1) Thank you, Madam Chair. Good afternoon, members of the committee. My name is Bill Avery. For the record, B-i-l-l A-v-e-r-y. I represent District 28 here in central Lincoln. I'm going to briefly talk about a bill that will not surprise any of you since you've heard some testimony on this subject already. LB118 is the result of the LR542 process. The Government Committee considered the subject...the agencies that come under the subject matter jurisdiction of our committee, and one of those required us to look at natural resources districts. We proposed, as one of the options, to eliminate the state aid administered by the State Treasurer's Office for NRDs. This aid fund is distributed based upon total property taxes levied by the NRDs. Currently, the fund is approximately \$1.43 million annually, and we propose to eliminate that. When we discussed this we considered several factors, including the NRDs' ability to raise

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additional revenue if their state aid were to be eliminated. The NRDs receive--and you probably already know this--other General Fund revenues in addition to aid programs that we are considering in this bill. They have access to the Soil and Water Conservation Fund for over \$2 million; the Resources Development Fund for over \$3 million; and the Interrelated Water Management Fund for over \$2 million. We don't think this is an unreasonable proposal. I understand it's in the Governor's budget. So we recommend that you take a close look at this for possible elimination. I do have a handout. You may already have this material, but if you don't, if the pages will come and distribute that. It shows that...the percentage of state aid in the total budgets of each of the 23 NRDs. And you will note that there is only one NRD that has more than 1 percent of its budget coming from state aid. All the others are under 1 percent. So this is not a severe cut. It should be also pointed out that NRDs have authority to levy 4.5 cents per \$100 valuation. So we think they have access to resources and that perhaps the state does not need to be providing that aid. With that, I will end and take any questions you have and express some sympathy with the work you have to do. I have been mugged a couple of times this week already in my own committee, so I suspect that you are getting accustomed to it yourself. [LB118]

SENATOR CORNETT: Senator Pirsch. [LB118]

SENATOR PIRSCH: Historically speaking, when did the state aid to NRDs start? Do you know when that...? Was that the same time as...it would be probably much after when... [LB118]

SENATOR AVERY: I suspect that the reason for it...I can't tell you when it started, but I suspect the reason was to replace some restrictions that we may have placed on their ability to raise their own funds. [LB118]

SENATOR PIRSCH: Yeah, maybe... [LB118]

SENATOR AVERY: But I note that Dean Edson is here, and if he can't answer that then we need to know why. [LB118]

SENATOR PIRSCH: Yeah, (laugh). Thank you. [LB118]

SENATOR CORNETT: Further questions from the committee? Seeing none. [LB118]

SENATOR AVERY: If you don't mind, I will not close. [LB118]

SENATOR CORNETT: That will be fine, Senator Avery. [LB118]

SENATOR AVERY: I have to get back. [LB118]

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SENATOR CORNETT: Thank you very much. [LB118]

SENATOR AVERY: Thank you. [LB118]

SENATOR CORNETT: First proponent. Are there any proponents for the bill? Then we'll move to opposition testimony. First opponent, please come forward. May I see...how many people are here to testify in opposition? Okay. [LB118]

GLENN JOHNSON: (Exhibit 2) Madam Chair, members of the Revenue Committee, my name is Glenn Johnson. I live here in Lincoln. I'm a member of the Nebraska Water Resources Association board, and I'm here in that capacity today representing both the Nebraska Water Resources Association and the Nebraska State Irrigation Association. They met earlier this week and both agencies agreed that...to come in and testify in opposition to LB118. Those organizations include some NRDs, work closely with the NRDs--a lot of irrigation districts, and they're simply concerned that this may be a loss of revenue that may have an adverse impact upon the implementation of the integrated management plans across the state which they feel are very vital to the state's long-term economic engine that irrigation provides. And so they would oppose the bill. Thank you. [LB118]

SENATOR CORNETT: I think Senator Avery--and I just want to clarify--said that this was less than 1 percent of the NRDs' budgets... [LB118]

GLENN JOHNSON: Right. [LB118]

SENATOR CORNETT: ...except for one NRD. Am I correct? [LB118]

GLENN JOHNSON: That's correct [LB118]

SENATOR CORNETT: Okay. Questions from the committee? [LB118]

SENATOR PIRSCH: Yeah, the integrated management plan. That's a mandate, right, by the state? [LB118]

GLENN JOHNSON: Yes. [LB118]

SENATOR PIRSCH: You don't have any discretion in that... [LB118]

GLENN JOHNSON: There is... [LB118]

SENATOR PIRSCH: ...in meeting that demand, do you? [LB118]

GLENN JOHNSON: Correct. And if you're a fully and overappropriated basin

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designated by the state, yeah, it is a requirement. There is a provision in the state statutes for voluntary integrated management plans also. [LB118]

SENATOR PIRSCH: Okay. And that would not be mandated. [LB118]

GLENN JOHNSON: No. [LB118]

SENATOR PIRSCH: That's just voluntary participation. And it's that which you speak of when you're saying that that is the voluntary aspect of it that you're saying is in peril; not the mandated part, right? [LB118]

GLENN JOHNSON: No, it's...the concern is more the mandated because they have some requirements they have to meet within a certain time frame. And, you know, this is part of the resources that the districts use to fulfill the requirements of meeting those mandates. [LB118]

SENATOR PIRSCH: How much of your spending is discretionary, typically? Well, let me put it this way: not your spending, but the NRDs' spending, is discretionary then--nonmandated? [LB118]

GLENN JOHNSON: I think Dean may be better in a position... [LB118]

SENATOR PIRSCH: I'll wait for that question. Thank you for... [LB118]

GLENN JOHNSON: ...to answer that on behalf of all the districts, because I can talk about one but. [LB118]

SENATOR PIRSCH: Yeah. I wasn't sure if he was going to testify or not,... [LB118]

GLENN JOHNSON: Yeah. [LB118]

SENATOR PIRSCH: ...so I apologize. [LB118]

GLENN JOHNSON: Thank you. [LB118]

SENATOR PIRSCH: That's more properly fielded by him. I don't have any other questions. Thanks. [LB118]

SENATOR CORNETT: How many of the districts are mandated? [LB118]

GLENN JOHNSON: Again, that's...probably Dean can answer that better because he's been...he's looking at it from a statewide perspective. But about, you know, half the districts are involved in integrated management plans that are required. [LB118]

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SENATOR CORNETT: And then would you have a breakdown of what percentage of dollars each of those mandated districts we're talking about for this less than 1 percent for each of them out of their budgets? [LB118]

GLENN JOHNSON: That would have to be on that list that Senator Avery distributed. [LB118]

SENATOR CORNETT: Okay. Thank you very much. [LB118]

GLENN JOHNSON: Um-hum. [LB118]

SENATOR CORNETT: Oh, I'm sorry, Senator Louden. I didn't see you. [LB118]

SENATOR LOUDEN: Yes, thank you, Senator Cornett. Well, Mr. Johnson, what else do they use this money for besides, as you mentioned in your presentation, integrated management plans, which until two years ago they didn't have to do an integrated management plan unless they were fully appropriated, isn't that correct? [LB118]

GLENN JOHNSON: That's certainly correct. [LB118]

SENATOR LOUDEN: Yeah. [LB118]

GLENN JOHNSON: Districts...the state aid that comes to the natural resources districts is totally discretionary on the part of the districts as to how they expend those funds. They can spend them in administration, they can spend them in conservation, they can spend them, urban storm water. There's no restrictions. [LB118]

SENATOR LOUDEN: Okay. It's just given to them at their discretion then. [LB118]

GLENN JOHNSON: Right. Right. [LB118]

SENATOR LOUDEN: Now how many of these districts..., what is it, 4.5 cents is their maximum levy for...? [LB118]

GLENN JOHNSON: That's correct. [LB118]

SENATOR LOUDEN: And how many of these districts are at their maximum levy? Are most of them or all of them? I know Lincoln, here, is. [LB118]

GLENN JOHNSON: Lincoln. Lincoln is at 4.05 cents. That's one I can answer. (Laugh) [LB118]

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SENATOR LOUDEN: Okay, because I know they're pretty close to their levy limit. [LB118]

GLENN JOHNSON: Yeah, there at...and I can't tell you exactly how many. Dean might have that on the top of his head. [LB118]

SENATOR LOUDEN: Um-hum. All right, I was wondering if there is any wiggle room for any of these NRDs out there if they didn't receive this state aid, I guess, is what I was more concerned about. [LB118]

GLENN JOHNSON: Well, yeah, I think the...you know, there is another bill--I don't remember which number it is--but would allow...you know, one of the problems with replacing it, this limited really you can only replace it with property tax. And most districts would have the capability within their lid limits to replace the amount of state aid that would be lost. But again, it has to fall...right now, it would have to fall under the lid calculations. And that other bill would allow it to be exempt from that lid and be included in the restricted funds, for that initial year, to replace that. So they have, within the lid cap, the ability. But the lid limit under the budget has some restrictions that maybe would not allow them to replace it if they chose to do so. [LB118]

SENATOR LOUDEN: Well, as I look at this list here that Senator Avery handed out on how much some of them get, some places that isn't that much of a significant amount to make much difference in their operation, really, is it, at times? [LB118]

GLENN JOHNSON: That's correct. [LB118]

SENATOR LOUDEN: I mean there's some of them looks like receive...do quite well, but there's...when you have the Upper Loup NRD, which is there at Thedford, gets 7,800 bucks, why, that hardly pays for the repairs on their pickups probably for the entire year. And I was wondering. I suppose they'll have to find a...either have to quit driving or find something else, huh? Yeah, okay, well thank you. [LB118]

GLENN JOHNSON: Okay. [LB118]

SENATOR CORNETT: Further questions from the committee? Seeing none, thank you very much. [LB118]

GLENN JOHNSON: Okay. Thank you. [LB118]

SENATOR CORNETT: Next opponent. Are there any further opponents? Neutral testimony? [LB118]

DEAN EDSON: (Exhibit 3) Senator Cornett and members of the Revenue Committee, I

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am Dean Edson. That's spelled D-e-a-n E-d-s-o-n. I'm the executive director of the Nebraska Association of Resources Districts presenting neutral testimony on LB118 today. I also want to include the comments I am providing address our position on LB383 of last Wednesday, and due to a schedule conflict I was not able to be here. I can tell you it is not easy to come forth in a neutral capacity on eliminating a \$1.4 million general aid package that provides funding for natural resources programs. However, the funding for this program has been reduced by more than 40 percent over the last several years, which has forced us to prioritize as well. The natural resources district board members met earlier this week at our legislative conference and had some serious discussion regarding budget issues. We also included the NRD managers in that discussion on the budget and spending cuts needed to address the shortfall. The results of those discussions, hopefully, will be fruitful. The general state aid program is something we can forgo, but what we would like to do is work with the Legislature to help us prioritize local natural resources programs. We want to work with all the committees that have jurisdiction over our programs to promote policies that would help promote the economy, help promote efficient use of the resources, and enhance our commitment to a clean and abundant environment. We are willing to work with the Legislature and all interested parties to develop solutions to the budget issues which include these spending cuts, fund transfers, and possible transfers from the Environmental Trust. We are working with the Natural Resources Committee members to see if there can be some compromise solution on LB229, which provides the fund transfer from the Environmental Trust to water resources programs and funding. Next week, we'll have several managers in to testify on LB527 and LB528, which will be introduced by Senator Carlson, which would allow the natural resources districts to prioritize and locally fund necessary programs. In these bills, we'd ask that local NRD funding capacity be maintained and extended to those districts involved with the voluntary integrated management plan processes so the local water management activities needed in Nebraska can be prioritized. We feel that we can also control expenses by identifying the specific programs that will provide results and only raise the necessary revenue for such. Both of these bills were before you last year with LB1031 and LB1032, and advanced out of this committee 8-0 and 7-0-1 respectively. We have included the sunset dates in LB527 and LB528 that were included in last year's committee amendments. I know Senator Karpisek has LB537 that will be before you next week as well. This bill could also assist with our budgetary processes to help us prioritize spending. We would further ask the Legislature to consider creation of a water resources revolving fund as an option to provide some state assistance to the NRDs for water management, natural resources enhancement programs, and flood control programs. Senator Carlson introduced LB595 that outlines this program. This bill is modeled after the Safe Drinking revolving fund and would provide some way for some of the larger necessary natural resources programs and projects to be funded over time rather than trying to fund them in one year. We have several potential projects on the horizon that could help the state of Nebraska meet compacts and agreements while also maintaining the economy. Several necessary flood control and water supply

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projects are also waiting for funding. One of the unidentified funding sources included in LB595 is a transfer from Fund XXX, which was included to be part of the larger discussion for the elimination of state aid, transfers, and other cuts. We have also been in discussion with Senator Heidemann about the budget for specific programs. We've discussed with him all the bills included in my testimony today so that he understands our position. We could support the current budgetary proposals if we can work with all the committees and interested parties to coordinate cuts, budgets, and programs for natural resources protection and enhancement. There are obvious needs for funding water programs. We believe what needs to be addressed in funding programs is to make sure all funding sources work together as efficiently as possible. Together, local matching funds along with the state dollars they leverage and a loan or revolving fund for large projects must all work together. A transfer from the Environmental Trust or other programs may be part of that solution. In closing, I'd like to reiterate that we would be willing to forgo the general state aid for natural resources districts. However, we'd also ask for your assistance in other bills and the budget so we can coordinate effective and efficient natural resources programs that address budget issues, protect the economy, protect lives, and protect the future. Thank you. And I'd like to answer any questions you may have. [LB118]

SENATOR CORNETT: Senator Pirsch. [LB118]

SENATOR PIRSCH: Thank you for your testimony and being here today to field questions. Could you tell me, when did NRDs start receiving, just from a historical kind of context, state aid? [LB118]

DEAN EDSON: It started back in 1977. There was an elimination of personal property taxes back in the mid-'70s. [LB118]

SENATOR PIRSCH: Okay. So it's tied in with the other larger picture. [LB118]

DEAN EDSON: Yeah. [LB118]

SENATOR PIRSCH: Okay. [LB118]

DEAN EDSON: And it was provided to for the loss of that tax base. [LB118]

SENATOR PIRSCH: Okay. Right. And there are...Senator Avery, in his opening, mentioned three other funds from which NRDs are able to draw funds. I think he mentioned something to the effect of Soil and Water Conservation Fund, Resources Development, a third fund, somewhere around the order of \$2 million or \$3 million per fund. Is that in debate this year? Is that up for consideration? Are those...? I take it, on the...which committee is that then? Ag, that's... [LB118]

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DEAN EDSON: It's in the Appropriations Committee. And we have been working with Senator Heidemann, Lavon Heidemann and the Governor's Office on that. If I might answer your questions,... [LB118]

SENATOR PIRSCH: Sure. [LB118]

DEAN EDSON: ...that might help explain some of those programs and probably led us to the decision we had here on the state aid. All of those programs are targeted toward specific projects or programs. Those are very, very important to us. The Development Fund is specifically for flood control and multipurpose structures that are primarily needed in eastern Nebraska. The Soil and Water Conservation Fund is a specific program that is a cost-share that goes out to agricultural producers for implementing conservation programs. The Water Well Decommissioning Fund that's over there is funded from fees, and that money goes to individual well owners to help them close abandoned wells. When we looked at these things, what we wanted to do was, you look at general state aid, it's general, it's not tied to anything. What's more important to us are these specific programs that have specific purposes, and we'd rather maintain those and have the ability to address the additional funding issues locally. [LB118]

SENATOR PIRSCH: And, of course, that's outside of our purview, but I do appreciate to the extent of what we're looking at, you're saying that you are willing to work with the committee in terms of being...I guess it's something you think that, given the times, you could forgo this year. [LB118]

DEAN EDSON: Yes. [LB118]

SENATOR PIRSCH: Okay. [LB118]

SENATOR CORNETT: Senator Louden. [LB118]

SENATOR LOUDEN: Yes, thank you, Senator Cornett. Dean, how is this money divided up amongst the NRDs? When I look at the list that Senator Avery gave us, I haven't been able to figure out the formula. Is there a formula? [LB118]

DEAN EDSON: Yes. Yes. And it ties back to what the purpose of the fund was for, and that was to replace the lost tax base. And so the funding formula basically works off of the amount of NRD aid levied by one NRD in proportion to all taxes levied by all NRDs. So the \$7,800 that you mentioned for the one district, that's the percentage of property taxes that they collect in proportion to all NRDs. [LB118]

SENATOR LOUDEN: Okay. Then that's the reason Papio-Missouri has nearly half a million dollars--\$486,000 and so, and some of the other ones have \$10,000 or something, because they have more personal property tax in that NRD, and it's prorated

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accordingly then throughout the whole state? [LB118]

DEAN EDSON: It's all real property, not just personal. It's all real and personal property taxes that are levied. [LB118]

SENATOR LOUDEN: Oh, it isn't just personal property taxes? It's all... [LB118]

DEAN EDSON: It's not just personal property taxes. It's all... [LB118]

SENATOR LOUDEN: Valuation then, huh? [LB118]

DEAN EDSON: Yeah, it's all taxes...property taxes, including personal property taxes that are levied. Last year, we passed a bill--and I'm probably getting a little senior moment here. I'm a little young for that yet, but can't remember the bill number. But we got a bill passed last year, that they exempted out of the aid formula the levy for the bonding. Papio NRD has levy ability for bonding and so did the Republican River basins. [LB118]

SENATOR CORNETT: I was going to say I'm having a senior moment too. I can't remember... [LB118]

DEAN EDSON: But that...the levy for the bonding got taken out of the calculation of the formula. [LB118]

SENATOR LOUDEN: Yeah, I remember...okay. [LB118]

SENATOR CORNETT: LB210. [LB118]

DEAN EDSON: LB210. [LB118]

SENATOR CORNETT: Someone else here has...(laugh). [LB118]

DEAN EDSON: Okay. Thank you. [LB118]

SENATOR HADLEY: (Inaudible) remembered that. [LB118]

STEPHEN MOORE: The distribution formula was started in 1982. [LB118]

SENATOR HADLEY: '82? [LB118]

SENATOR LOUDEN: Well, if that's the case is you say that's, how come the aid is a percent of total resources runs from anywhere, .33 percent to .004, why, if that was all prorated onto their personal property tax, I'm just trying to get an idea on if there's any

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fairness here, if this is another one of those things that the big boys got to eat up most of it? [LB118]

DEAN EDSON: The ratio to...I'm sorry, what was the ratio to? [LB118]

SENATOR LOUDEN: Well, it said "Aid as a Percent of Total Resources." [LB118]

DEAN EDSON: Oh. Okay. [LB118]

SENATOR LOUDEN: And like the Upper Loup, why, their total...they got \$7,800 and their percent of total resources is 1.04, whereas the Lower Big Blue, for instance, they got \$29,000 and so, and their percentage is .33. [LB118]

DEAN EDSON: Yeah. I don't happen to have that sheet in front of me but I can probably speculate that the answer to your question would be dependent upon what type of projects they're doing in their district and what federal sources of revenue that come into that budget, what other state sources, but... [LB118]

SENATOR LOUDEN: Yeah, and now is some of this... [LB118]

DEAN EDSON: ...I could do some more research for you and find out why, but. [LB118]

SENATOR LOUDEN: Well, that's all right. Is this money then used for federal matching funds anytime? [LB118]

DEAN EDSON: Well, the federal matching dollars that are required, we could use these dollars or our local dollars or other state revenue sources. And so you get back to the question that Senator Pirsch had on these specific programs. On some of those you're able to utilize those funds as leveraging of matching dollars for federal--not all of them, but some of them. [LB118]

SENATOR LOUDEN: And that's what we have to be careful when we cut some of these funds out, is if we're cutting out matching funds someplace else, I mean it will impact a lot more. But these wouldn't necessarily affect federal funds as they're prescribed now. [LB118]

DEAN EDSON: Not...I don't believe so. [LB118]

SENATOR LOUDEN: Okay. Thank you, Dean. [LB118]

DEAN EDSON: Yeah, I don't believe so. [LB118]

SENATOR CORNETT: Other questions from the committee? [LB118]

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DEAN EDSON: I think someone asked about the IMPs. [LB118]

SENATOR CORNETT: Yes, that was me. I was going to see if anybody else... [LB118]

DEAN EDSON: Okay. Okay. [LB118]

SENATOR CORNETT: No, go ahead. [LB118]

DEAN EDSON: Okay. On the integrated management plans, 11 of the 23 districts are either fully or overappropriated and are in the process or already have implemented the integrated management plans. [LB118]

SENATOR CORNETT: So then inside of their budgets, what is...what percentage does the funding for the integrated management cover? So basically what is their discretionary income on those 11? [LB118]

DEAN EDSON: That I would have to do a little bit of research on, because as the question came up over here, is that ratio that you talked about didn't match up with the exact same percentage. [LB118]

SENATOR CORNETT: Um-hum. [LB118]

DEAN EDSON: I would imagine that there's some adjustments going on in there. They might have received federal dollars for something. So to go back and calculate how much state aid is to your question, I'd have to do a lot more...a little more research on that. [LB118]

SENATOR CORNETT: I would appreciate that. [LB118]

DEAN EDSON: Yeah. But if...and maybe I can work with your staff to come up with the specific questions so to make sure... [LB118]

SENATOR CORNETT: That would be fine. [LB118]

DEAN EDSON: ...and get the correct answer for you. [LB118]

SENATOR CORNETT: I just want to make sure that we're not placing one of the districts that has an integrated management plan in a position where they can't meet the plan. [LB118]

DEAN EDSON: Yeah. That's where... [LB118]

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SENATOR CORNETT: But I mean it's such a small percentage of their budgets that I don't see that that's probably the case, but I just want to make sure before we move forward. [LB118]

DEAN EDSON: Well, that's where we had this discussion, seriously, earlier this week, and that's where we're kind of key on this whole process. Let's look at some of these other bills that are more important to us that help us get to developing these integrated management plans and developing the solutions to those, and let us fund a lot of these issues locally, and then let's make sure that we're coordinated with LB118 or LB383, whichever bill you pick, that we're coordinating with the budget committee and we're coordinating with the Natural Resources Committee to make it all work. [LB118]

SENATOR CORNETT: That is a theme that we have been hearing continually with the reduction of state aid, is you have to take into account what the other committees are doing. That is fairly difficult to do because we don't know what's going to come out of other committees. But I understand that. I have one more question. Did I hear correctly that...how many districts are up against their levy, their lid levy? One? Lincoln? [LB118]

DEAN EDSON: I don't know. Oh, there's a couple of them that are. [LB118]

SENATOR CORNETT: That are fully...at the full 4 cents? [LB118]

DEAN EDSON: That...yeah, that are close to their 4.5 cents maximum. [LB118]

SENATOR CORNETT: Could you please also include that in the information, which of those districts are up against that and if they are in an integrated management plan? [LB118]

DEAN EDSON: Yeah. If I could...I'll just...if it's all right with you, I'll just work with Bill... [LB118]

SENATOR CORNETT: That would be fine. [LB118]

DEAN EDSON: ...and we'll get the list of questions put together, and then I can match up the data with the...to answer the questions that you may have. [LB118]

SENATOR CORNETT: That will be fine. [LB118]

DEAN EDSON: Okay. [LB118]

SENATOR CORNETT: I'm sorry. Senator Louden. [LB118]

SENATOR LOUDEN: Yes. One thing, Dean, I guess if I understood that correctly, you

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say the reason this came about was to...because they couldn't levy what kind of a tax?  
[LB118]

DEAN EDSON: Well, back in the late '70s there was a constitutional amendment, and I don't remember exactly when it was, but it took away...it eliminated some personal property tax. [LB118]

SENATOR LOUDEN: It was personal property tax. [LB118]

DEAN EDSON: It was personal property tax that got eliminated. Used to levy the personal property tax on everything from wedding rings to the cows. [LB118]

SENATOR LOUDEN: Well, I thought you said once, real property tax, and then that's when I... [LB118]

DEAN EDSON: No. It was the personal property tax, a large portion of that, that went away. [LB118]

SENATOR LOUDEN: Okay. [LB118]

DEAN EDSON: And then that's what the basis of the state aid formula was. Well, here was a tax base that you once had that's now been taken away, and so we created state aid formula. [LB118]

SENATOR LOUDEN: That's when the state got out of personal property tax. [LB118]

DEAN EDSON: Yeah. Now there's been some evolution of that since, and changes in personal property tax, and some of that went back on the rolls, so. [LB118]

SENATOR CORNETT: We were just discussing some of that personal property came back on in the '90s. [LB118]

DEAN EDSON: Correct. [LB118]

SENATOR CORNETT: So it's not that you don't have any. [LB118]

DEAN EDSON: Right. Right. And there's been some changes and I want to acknowledge that and... [LB118]

SENATOR CORNETT: Okay. Thank you. Further questions... [LB118]

SENATOR LOUDEN: Now when I... [LB118]

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SENATOR CORNETT: Oh, go ahead. [LB118]

SENATOR LOUDEN: When I go look at my taxes on my car or something like that, there won't be a little deal on there where the NRD has a certain percentage of that property tax? [LB118]

DEAN EDSON: We don't get any money out of motor vehicles. [LB118]

SENATOR LOUDEN: Personal property? [LB118]

DEAN EDSON: No, not on motor vehicles. [LB118]

SENATOR CORNETT: Motor vehicles all goes... [LB118]

DEAN EDSON: Motor vehicles has a flat fee. I think it's kind of a base fee. [LB118]

SENATOR LOUDEN: No, there's a tax. [LB118]

SENATOR CORNETT: That all goes to the state. [LB118]

SENATOR LOUDEN: Your local tax and stuff would be in there. [LB118]

DEAN EDSON: Right. But the NRDs, when that change was made--and I can't remember when that was made, but it was made sometime back--the NRDs were excluded from receiving any funds out of that. It goes to the counties, the municipalities, and some other entities, and it's split up. But the NRDs are not included in that. [LB118]

SENATOR LOUDEN: Okay. I'll take your word for it. Now I'll go look on my license registration here, because I... [LB118]

DEAN EDSON: If you find an NRD tax on there, let me know, okay? [LB118]

SENATOR HADLEY: Oh, I think they have a lot of things up in LeRoy's district. [LB118]

SENATOR PIRSCH: (Inaudible) plug a hole in the budget (inaudible). [LB118]

DEAN EDSON: Yeah. [LB118]

SENATOR CORNETT: (Exhibit 4) Further questions from the committee? Seeing none, thank you. Is there anyone else to testify in a neutral capacity? That closes the hearing today as Senator Avery has waived closing. Oh, I am sorry. Before we go off the record, the city of Lincoln has submitted a letter with their concerns regarding LB118. It will be read into the record. [LB118]

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