

March 4, 1981

LB 390

and what is fair, the history of 1241, 518, 882 and LB 390, and I would like to do that rather quickly if I could. So if we could follow along, I think that would be very helpful. 1241 was the bill that started us on this personal property tax exemption, and we probably should have never made that step, but the step was taken and it was taken in basically what was the most unfair formula that you could possibly have. Basically, we said, what we will do is we will say that inventories for agriculture and for business will be exempted. But that wasn't enough, we had to sweeten the pie and when we did we created the basic unfairness that has created the problem that we have today, and that basic unfairness was because rural legislators were providing most of the support since the urban areas were divided because the wage earners didn't get anything out of this sort of deal. They said, we deserve the bulk of the exemptions and so you should throw in farm machinery, and when you did that, you created the great, great problem. The problem is that we in the urban areas got to pay for property tax exemptions that we never benefited from, nor did the business men benefit from. Basically, the money came to the state from all over the state, more sales and income tax revenues from urban areas than from rural areas came to the state but then when it got to the state, it was divided up \$2 for rural areas, \$1 for urban areas. LB 518 continued that kind of injustice. LB 882 continued that kind of injustice, and the Supreme Court naturally, wisely, in fact, we knew that 882 was unconstitutional, said, in fact, it is unconstitutional. And now we are here trying to divide \$70 million. Now we had a bill last year, LB 691. LB 691 divided the money on a 50-50 basis, and that bill came out to this floor and by a one vote margin it died. We passed 882. Now, frankly, we have come a long ways in terms of compromising. This year when Senator Carsten, the Chairman of the Revenue Committee, came to Senator Johnson and I and said, Senator Newell, Senator Johnson, you ought to be reasonable, you ought to help me avoid an urban-rural confrontation. Instead of 50-50 as the bill was written, I think we ought to accept 80-20. We have got to distribute the money. We are in a hurry to do that. Twenty percent is a token amount but it is population. You can save face with twenty percent, and we said to Senator Carsten, okay, not without reservations, not without thoughts that it wasn't basically fair, not without some real grave questions but looking at what was needed to distribute that money, the fact that we need 33 votes for