

rate must be at least 2% more than the rate established by a district on nondelinquent installments. Also the rate that the board establishes cannot be more than the rate specified in Section 1 of LB 167 which is currently at the 14% rate. Now this approach is in keeping with other sections of the bill which give discretion to other governing bodies to set the interest rate on specials before delinquency. This particular approach preserves the uniformity of the bill and it also gives the power to the district board to declare the entire interest rate at the highest level and retroactive all the way back to the delinquent assessments as far back as they could go back. Now, with the passage of this amendment, if the board thinks that the interest rate on delinquent specials previously established by them as adequate, it can leave them where they are. However, if the board thinks it should be raised they can raise it all the way up to the rate in Section 1. Now we think that this is a reasonable approach because it gives the board the discretion within these limited guidelines to do what it thinks is appropriate and what is in the best interest of the SID. I would urge the adoption of the amendment and I would be pleased to attempt to answer any question any of you may have.

SPEAKER MARVEL: Senator Newell.

SENATOR NEWELL: Mr. President and members of the body, I rise to oppose the proposal that Senator Hoagland brings before us for the second time. This amendment basically does not preserve very much uniformity and, in fact, creates a special situation for SIDs. Now I don't know if anybody really understands SIDs which makes it very easy to create special arrangements for them but basically I would like to just talk a little bit about SIDs and their benefits and some of the costs associated with them and I know many members of the body are familiar with Omaha's half cent city sales tax. We probably heard that issue for the last three years and heard a lot about it this year and I don't know that anybody knows why Omaha keeps coming back other than we need money but you know one of the problems as we have talked about before is the fact that Omaha has a declining property tax base. Our property tax base grows at approximately 2.6% a year which is well below the inflation rate that we all experience. Other political subdivisions generally do much better than that, usually 7 or 8% at least. Property tax is not the best indicator of inflation and does not always keep up with the tax rate but because of this Omaha continually finds itself in a problem and the SIDs are one of the major reasons for this because we have subsidized SIDs. We give them special interest rates. We allow them to bond. We allow them to do all