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LB 561

there is a remote possibility that it could trigger some increase in the sales-income tax, but at the same time, reminding you again that it would be a direct reduction of property taxes which is exactly what I think the people of this State of Nebraska expect us to do. I urge the adoption of the Koch amendment.

SENATOR CLARK: Senator Vard Johnson.

SENATOR V. JOHNSON: Mr. Speaker, members of the body, I rise in support of the Koch amendment. I have always marveled at how carefully crafted the appropriational bills are. Without any question the Appropriations Committee makes certain that the University system is well cared for. This year you are approving a 12.7% budgetary increase for postsecondary education and the Appropriations Committee always makes very certain that other state operations are well cared for. This year we are approving a 10.7% increase in state governmental appropriations but when it comes down to state aid, which essentially when it is state aid to local governmental subdivisions is property tax relief, the Appropriations Committee just doesn't provide any kind of a reasonable increase, and this year the proposed increase in state aid altogether is 4% but the proposed increase in state aid to local governmental subdivisions is only 2.6%. Now what happens very simply is this. We have a very carefully crafted political document. It says all told state appropriations won't increase by more than 7% and, therefore, we can tell local government don't increase your budgets by more than 7%. But the only reason we have been able to leave the increase of state appropriations at 7% is because while we are increasing our appropriations of state government and of postsecondary education 10, 11 and 12 percent, we are holding our increases in state aid down to a 2.6% level. Inasmuch as state aid is about fifty percent of our overall state appropriational...our state general fund budget, obviously, by keeping state aid small, we can then go ahead and do right by state government. Now I think it is important for us to do right by the property taxpayer and one of the ways we do right by the property taxpayer is to continue to relieve counties of their medicaid obligation but another way we do right by the property taxpayer is to continue to put state sales and income tax dollars into local schools. Given LB 285, which is our 7% local government lid law, whatever new state income and sales tax dollars we put into our local schools should result in a concomitant offset in property tax. It is for that reason that I can rise to support the Senator Koch amendment. Now if, in fact, we didn't have any lid whatsoever on