

unconstitutionality of the personal property tax relief fund and the probable unconstitutionality of the governmental subdivision fund and finally the committee advanced under his guidance and leadership, LB 816. What he would do with this amendment is to remove one of the attractive features of LB 816 which is to have the state finally take over the county medicaid share. Now I want you to think about why that is not a bad thing to do. One of the principal features of the personal property tax relief fund and the governmental subdivision fund has been that those two funds were capped. The governmental subdivision fund was capped at 12.6 million and the personal property tax relief fund was capped at \$70 million. So that meant that there was, the two funds when combined have a total ceiling or limitation of \$82.6 million. Now those funds were originally designed to, in effect, replace or provide to local governments some compensation for losses in their tax bases but as you recognize one thing that has happened is that, not only when their tax bases were lost, obviously revenue growth was lost and that revenue growth is lost because they no longer have the appreciating values, for example, from business inventory or the appreciating values, for example, from the farm equipment or the farm livestock. And so it has always been a real problem with a capped fund. Now the Medicaid's share of the new formula works a little differently obviously than a fund. It really relieves county government of an expense and the expense has always been a noncapped expense. It is an expense that grows at the rate of about 15% annually. Now it may well be that in due course we'll have better control over our health care costs and when we do that expense won't grow so dramatically. But by providing county government with this kind of relief, finally relieving them of the Medicaid obligation, we literally relieve them of an item that is always growing in their budget and, in my opinion, to some extent that offsets the negative aspect of the capped personal property tax relief fund and governmental subdivision fund. So I think that this is one of the times that I would be compelled to oppose the chairman of the Revenue Committee. I do know that he is trying to effect a real accommodation but I think in the final analysis that the better part of wisdom or the better part of valor is to relieve the counties of an expense item that has been growing more prodigiously than virtually any other item in county government, their share of the Medicaid costs. So at this time I would ask you not to vote for the Carsten amendment.

SENATOR CLARK: Senator Wagner.

SENATOR WAGNER: Mr. Speaker and members, I, too, want to congratulate Senator Carsten for all his hard work and I do want to tell you he did work hard but as some of the other senators have indicated, when 816 came out of the committee