

have some guests of Senator Moore in the north balcony, we have 15 students from York High of York, Nebraska, with their sponsor. Would you folks please stand and be recognized by the Legislature. Thank you for visiting us to day. Senator Landis, please, and thank you.

SENATOR LANDIS: Thank you, Mr. President, members of the Legislature, if you take a look, I've passed out to you and I believe it appears in the Journal, an amendment to LB 361 that does two things. The amendment says that there is a declaration that the current system of valuing real property for purposes of taxation has caused inequities between residential, commercial, industrial and agricultural property owners. Secondly, it asks the tax commissioner to research, develop and to submit to the Legislature a proposal to create a system of property tax valuation based on rental earnings or income potential, not only for agricultural land, but for other kinds of property, residential and commercial, so that we use earnings capacity for all types of property to see if there isn't a reasonable method to use there. Now, that amendment has been suggested to me by the Cattleman's Association and since it calls upon the tax commissioner to consider that idea, I have decided that that would be acceptable to me and I put it in this amendment. It says the proposal shall be completed and submitted to the Clerk of the Legislature by November 30, 1989. The amendment also does one other thing. It says that for assessment years 1989 and 1990, counties shall adjust agricultural land to correlate with other types of property. Now originally the Legislature said that they may make those adjustments. This one says they shall. What is the difference? Why the exchange? Well, the adjustment factors to be sent out by the Revenue Department should bring, hopefully, agricultural land to 100 percent of value and the 100 percent of value may, in fact, not be a number that correlates with other types of property. Imagine, if you will, a county in which residential property is at 85 percent of value, commercial property is at 85 percent of value and the Revenue Department's adjustment factor brings ag land to 100 percent of value. In that case agricultural land would not be in correlation, it would be above other types of property. In fact, there is a lag generally from the values that we can find and the values that are on the books. So it's not uncommon to find residential property at 85, 88 percent of value. If, in fact, we put all ag land on at 100 percent of value, you could be going beyond correlation. And this amendment says that for assessment years '89 and '90 counties have the authority to make