

March 6, 1990

LB 361, 1059
LR 2

point out, as has been pointed out here before, that we have a tendency to use averages, that averages do not reflect the individual...the individual's ability to pay. The Lamb amendment says that at least for a period of time or forever, perhaps, we're going to hold at a certain level. Now if history repeats itself, and it usually does, there will be increased state aid over the years and that probably, as Senator Withem has said, will not be that much of a factor. When I do think it will be a factor is when LB 361 kicks in. I think the first year that LB 361 kicks in you're going to find a tremendous number of rural taxpayers who are going to find that they have very little state aid coming to them. Of course, I suppose that as soon as LR 2 is passed and the urban members of this body then roll back my taxes by 30 or 40 percent and increase their valuations by that amount, then the shift will return to rural Nebraska. Now if you believe that, if you believe that, you will believe almost anything else that has been heard on this floor today and Mr. Welsch will have his own description of how to handle that. The point I want to make is this; that we are using a false premise to determine wealth of a district. You talk about using income taxes to support the schools. Ladies and gentlemen, you are only going to support District 56 schools with the income tax out of District 56. If the farm income is down, there is not much income there either. So there is very...I don't know how you're going to get the support for that school system under those conditions. Conversely, the sales tax that is collected from all over the state, and rural persons are large payers of sales taxes, all go into the General Fund and then they're administered back out. And, as has been pointed out, the urban districts benefit substantially from that situation. What we have done here, we have decided...I'm going to ask, for example, what does constitute the wealth of a district? Senator Withem, land constitutes wealth, right?

SENATOR WITHEM: (Microphone not activated).

SENATOR SCHMIT: Yes, I'm going to ask you, land constitutes wealth. Is that right?

SENATOR WITHEM: I believe that's the philosophy of the property tax is that property constitutes...the value of property constitutes the base for taxation.

SENATOR SCHMIT: Okay. And that means land, homes...how about personal property? How about tractors? Do we count tractors