

that each of us should be at least somewhat knowledgeable, maybe not expert, but somewhat knowledgeable in the construction and application of all of the various types of taxes. We were provided with and I address a little bit to my urban colleagues, information from the Department of Revenue, property tax division, that would indicate that the commercial and industrial property valuations would either be the same or increase under 1063. May be true. But it defies logic when looking at page 74 and applying the mechanism for valuation used in the pre-829 years on business equipment. Certainly there are many conventions used to depreciate business equipment. All of the conventions three-year, five-year, seven-year, ten-year, 15-year, 20-year are certainly used from time to time depending upon the class life as established by the federal government for that particular class property. But I would suggest to you that with certain exceptions most business equipment that is part of a valuation base, wherever it is located in Nebraska, Lincoln, Omaha, Gering, Humboldt, Gilead, is based upon... would be seven-year class life property. And I am a little concerned on behalf of my homeowners and your homeowners that the figures may not be accurate as compiled by the property tax division. When you compare the two systems, the pre-829 system used by, I understand, most of the assessors with the possible exception of one or two counties, you'd find that in the first year of a ten-year schedule that equipment purchased the previous year and reported to the county assessor is valued for personal property tax purposes at 70 percent of its acquisition cost. 1063 proposes the value of that at 89 percent of its acquisition cost. The second year under 1063, 70 percent, the third year 55 percent and we look at the old system and we find that the third year equipment was valued at 60 percent. Then you begin to find some significant variations. Moving on down to the seventh year of 6 percent of the acquisition cost under 1063, the old system, 40 percent of the acquisition cost and we go on out to the tenth year and it remains at 20 percent. That's not in statute, that's the method that was used...

PRESIDENT MOUL: One minute.

SENATOR COORDSEN: ...in most counties. The figures may be accurate, but if they're not accurate, if, in fact, there is a significant reduction in business equipment by via the method of 1063, then who picks up the difference? Thank you.

PRESIDENT MOUL: Thank you, Senator Coordsen. Senator Landis.