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SENATOR ELMER: Senator Hall, in the issue of breeding livestock, if that particular thing were changed, it would have no financial impact on the state budget. Is that correct?

SENATOR HALL: Well, I'm not sure that that's accurate.

SENATOR ELMER: Let me then talk about that a minute. In the local personal property taxation of breeding livestock...

SENATOR HALL: Oh, in terms of the state budget, yes, but, I mean, we...you're right, it would be a...it is a...Senator Elmer, if your question was, is this a state tax or a local tax, it would, in effect, be a local tax.

SENATOR ELMER: Yes, it is. It's a local tax. And being able...

SENATOR HALL: But in...but to just take that one step further and answer your question, would it have an impact on the...since we've already paid out the subdivisions \$97 million, it would have an impact on state government, to a certain extent the state budget, but it's indirectly.

SENATOR ELMER: I would beg to differ on that, Tim, from this standpoint. In calculating the taxation need for a local county, you take the local...you take the property tax base which includes real and personal...

SENATOR HALL: Right.

SENATOR ELMER: ...and if breeding livestock or the depreciating breeding livestock were exempt from taxation, that would not be part of the base and the real property would make up the difference. And most of that, in the cases that we're talking about, 90 percent probably, is agricultural in nature where breeding livestock are important to the livelihoods of people. Therefore, it would really not be any significant shift of taxpaying responsibility if breeding livestock that is depreciating were exempt from taxation.

PRESIDENT MOUL: One minute.

SENATOR HALL: Senator Elmer, that would be true if you carry it to the next step and that would be to then, at the state level, also cut state aid to local subdivisions that would reflect that