

November 9, 1992 LB 1, 3, 4

during the regular session in '91. I've forgotten the date. Seems to me like it was in February or thereabouts in 1991. I think they raised an issue there of possible constitutionality but the significant difference is that in LB 892 you had a very direct tie, obviously, in the legislation between personal property tax and the taxes that were considered in LB 892. Here, as you will recall I indicated earlier, there is a very clear separation and it's a totally different issue.

SENATOR LAMB: Thank you.

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

SENATOR COORDSEN: Thank you, Madam President, members of the body, I introduced LB 3 this year, along with LB 4. LB 4 was probably the best bill introduced but I rather suspect that it would not meet with very much support. LB 3 was an exemption for breeding livestock. And to talk about LB 3 as an extension on my two several conversations with you relative to the net effect of LB 1 and what we've done in the Legislature going on back for quite some number of years, to exempt breeding livestock has an impact but not an impact on the revenues of the State of Nebraska. When breeding livestock and farm equipment was...and business equipment was entered onto the personal property tax rolls in 1992 a couple of things happened and those couple of things that happened are most pronounced in the areas of those of us that represent the larger geographical masses of Nebraska with a larger variety of economic activity and that is simply this. As the basis upon which real property tax...or which property taxes are levied, whether that's real or personal, increase in a district then it becomes a function of what the government budgets are for all of the various local subdivisions of government that depend upon the personal property tax to determine the levy to raise that amount of dollars. The breeding livestock issue with that value included does two things, one is economic in nature, and the other is a redistribution of who pays for the support of local government. One other thing happens. The other thing that happens is that as you increase local valuations and unless there is an influx of school age children that impacts how the state aid to education, which is our dominant state aid figure as far as outstate Nebraska and certainly the metropolitan areas is concerned, as you increase that valuation, then the per pupil valuation factored into the state aid formula decreases and decreases in many areas substantially, substantially the state