

TRANSCRIPT PREPARED BY THE CLERK OF THE LEGISLATURE
Transcriber's Office

January 27, 1999

the school levy remaining at \$1.10 and, therefore, assisting local school districts to meet their needs, will receive my support. By accepting my proposal and adopting the Direct Relief to Property Taxpayers Act, which I propose today, we can give Nebraska real property taxpayers a nearly dollar-for-dollar reduction in property taxes and preserve an element of local control over our schools. The plan I give to you today creates a trust fund for direct property tax relief. Every property taxpayer will benefit. Here's how it's funded: Excess state tax receipts and savings through government efficiencies would be transferred to the Direct Relief to Property Taxpayers Trust Fund. The fund would be established with transfers from the Cash Reserve Fund, Securities Act Cash Fund, and Insurance Cash Fund, totalling more than \$150 million in FY 99 and Fiscal Year 2000. An estimated \$125 million would be available for the fund in 2001 and in 2002 through additional state spending restraint and growth in Nebraska's economy. Taxpayers who own real property on December 31st of 1999 will be the first property taxpayers eligible for direct property tax relief. They will have until January 31st of 2000 to apply for direct property tax relief. On or before August 31 of 2000, the State Property Tax Administrator will certify the amount of funds available for relief payments in the Direct Relief to Property Taxpayers Fund. The Property Tax Administrator will have until December 31st of 2000 to issue a direct property tax relief check to the property taxpayer. Our estimate indicates that property taxpayers will receive a check in an estimated amount of 11 percent of their real property taxes in the first year of this program. About 24 percent of this relief, or \$36 million, will go directly to farmers and ranchers in direct proportion to the amount of real property tax they pay. More than 55 percent, or about \$72 million, will go to Nebraska homeowners, and nearly 20 percent, or \$30 million, will benefit commercial and industrial property taxpayers, including small business, an important part of our economy. There will be no more debate on whether the state has given property tax relief. The direct refund to the property taxpayer will solve that problem. And valuation increases will be automatically accounted for because the refund will be in direct proportion to the amount of property tax that is paid. Our challenge is to limit state spending consistently to about 3 percent annually. If we do and our economy can continue to grow, at least \$400 million will go