

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

March 22, 1999 LB 142

particularly the smaller municipalities, if you remove state dollars from any of their existing programs you'll find that they are at or very close to their maximum levy limitation and that you will actually impede their ability to deliver services. Now some of the formulas that go out to these various political subdivisions tend to be equalizing formulas. For example, the fund that we adopted last year that's applicable to counties is...has an equalizing component. The old formula, and this is true for both counties and municipalities, they have funds that were designed to replace personal property taxes back in the late sixties. Those are not equalizing formulas. We have distributions that go through the Highway Allocation Fund that go to counties and municipalities. Those are roughly equalizing. Municipalities have another fund which is, again, quite frankly, "disequalizing" and that's through MIRE. Those funds are distributed on a per capita basis. So, depending on which one of the funds you look at, you will have different impacts on revenue streams for a given set of political subdivisions. And, again, if the Appropriations Committee wishes to examine the relationship of those political subdivisions to their maximum levies, in light of their revenue streams from General Fund dollars and other sources, I'll certainly pledge that the staff of the Revenue Committee is ready to work with them. But I would just caution for the rest of the body, in case this issue comes back to you in the context of an appropriations bill, that that is a very complex area and it may be difficult to come to any satisfactory resolution. Because, not only do we have great disparities among size and types and locations of these various political subdivisions, their needs vary considerably and we have not yet developed broad-based, equalizing formulas that apply to them on any consistent basis and, in fact, what we have are a wide number of programs that apply to them in some cases. And we may need, at some time, to take a more comprehensive view of those particular programs, how they interact with one another and whether or not they can be made into something that is a bit more...

PRESIDENT MAURSTAD: One minute.

SENATOR WICKERSHAM: ...coherent. But if we're...if we want to take up that effort this session, I'd certainly support it. We intend to begin that effort, for example, within the Revenue