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April 12, 1999 LB 271

SENATOR CUDABACK: Senator Smith.

SENATOR SMITH: Thank you, Mr. President, members. I think we've had a good discussion and I wish to offer an amendment that would clarify amendment...this is Amendment 1205 that is being handed out currently. It would clarify the level playing field: "A lease of property to carry out a public purpose shall be at fair market value in order for an exemption to be allowed under this subdivision." I think we've had some great discussion and I just wish to propose that the level playing field be accomplished by requiring fair market value lease. Thank you.

SENATOR CUDABACK: Thank you, Senator Smith. We are open for discussion on AM1205 to LB 271. Senator Wickersham.

SENATOR WICKERSHAM: Mr. President, members of the body, I rise in opposition to AM1205, not because I don't believe there ought to be fair market value in leases but because it creates a number of problems. It creates problems for county assessors, if they're ultimately the ones that have to make the determination of what is a fair market value lease. That's a new concept for them. They've always been asked to provide us with information about the fair market value of the underlying property, not the fair market value of the lease. Is the fair market value of a one-year lease different than the fair market value of a five-year lease? And, as I understand Senator Smith's amendment, what he's proposing is that if you have a fair market value lease then the property is completely exempt from taxation. That only represents an answer to one of the issues that were raised, and that is when government competes with private enterprises should it be subject to the same constraints? He says, well, it's subject to the constraint to get all the money that it can, but that's all. And it doesn't address the underlying issue that there is equity to be done and that when that governmental enterprise exempts property from taxation, for whatever purpose, that it means the tax burdens are shifted. They're shifted, in the example of the Scotts Bluff County Airport, from Scotts Bluff to the taxpayers in Sioux County, Dawes County, Sheridan County, parts of Cherry County, and other places. It doesn't address that part of the issue and, at the same time, it creates substantial