

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

May 12, 1999

LB 271

SENATOR RAIKES: Well, you're talking about the situation in which an airport owns farmland and leases it out to a farmer to receive the revenue?

SEATOR SMITH: Okay.

SENATOR RAIKES: 2 Part of it is simply the appearance. If I am in the business of renting farmland, and perhaps you're a potential tenant, and you have an opportunity to rent, either from me or from an airport authority, similar quality land, because you don't have to incur all the costs I do, namely property taxes, my feeling is, you would have an advantage over me in making the deal.

SENATOR SMITH: Even if the...?

SENATOR RAIKES: You being the airport authority in that case. If you incur less cost, if you in...if you don't have to bear the full cost of paying for government services like I do, then you the airport authority have an advantage over me in competing for a business deal.

SENATOR SMITH: Okay. So if we have a lease arrangement...say a sharecrop, a two-fifths/three-fifths agreement...and all of a sudden, the person leasing the land has an additional tax burden above and beyond the agreement with the lease. So now the government property's automatically leased at above fair market value, and it reduces the marketability of that land, and no one's going to want to rent that land, lease that land, and so now we have land available that is not generating any revenue. And in this case, the county or the airport authority has reduced revenue. That's my concern. And let me ask you another question regarding your bill, LB 860. And I appreciate the provisions you have in here to encourage the use, the extra capacity to keep the cost down. If the taxes were such that there would be a greater tax burden than it would be worth to generate these funds, do you think you would be better off or worse off?

SENATOR RAIKES: I don't think that situation would happen, Senator. The property would be valued, in accordance with