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LB 142, 271

Raikes, you're recognized to open on AM1765 to LB 142.

SENATOR RAIKES: Thank you, Mr. President and members of the Legislature. First by way of introduction, let me remind you quickly that LB 142 is the implementation of LR 45CA which would allocate motor vehicle receipts only to schools, counties and cities. The percentages are 60 percent to schools, 22 percent to counties, 18 percent to cities except I think now in the case of Douglas County. Quickly, the history which I think is relevant to this amendment, two years ago motor vehicle taxes were a part of...motor vehicles were a part of the property tax base. Revenues from them were available to local subdivisions much the same as real estate taxes...or taxes on real estate and so on. With LB 271, motor vehicles were, in effect, exempted as personal property and we implemented instead a fee and tax system for motor vehicles. The tax, according to the constitution, had to be proportionate to the levy. Last year, with the passage...well, last year then, motor vehicle receipts were not a part of the property tax base but were all allocated to all government subdivisions in proportion to the levies. With the passage of LR 45CA, property taxes...or motor vehicle receipts now would be allocated strictly to schools, counties and cities. So that's sort of a history that's taken place in the last two or three years, and I think these are all sound policy changes, but I think, as Senator Wickersham mentioned last night, no good deed may be in legislation that otherwise goes unpunished, so that there are certain difficulties that seem to tag along as you make these sort of solid policy changes. This amendment addresses such an issue that arrives for schools with the implementation of LR 45CA as compares to the system now in place. For equalized schools, motor vehicle receipts are now allocated to the General Fund, Building Fund and Bond Fund, in proportion to those levies. Without this amendment, the part that has been allocated to bonds and building funds of schools would now be allocated wholly to the General Fund of the school. This receipt then is, in turn, an accountable receipt and, other things equal, this would lead to a dollar-for-dollar reduction in state aid to the schools. So the net impact would be for equalized schools, you would reduce state aid and, in effect, shift the burden to property taxpayers because they would pick up the amount you lost through higher levies on the Bond and Building Fund. With this amendment, for