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LB 881

believe, as you know, quite firmly in full funding of TEEOSA so that we can provide adequate resources to K-12 schools across the state, but I find the language a bit ambiguous...

SENATOR COORDSEN: One minute.

SENATOR WICKERSHAM: ...in its impact and I'm more comfortable with the provisions of the bill as they are.

SENATOR COORDSEN: Thank you. (Visitors introduced.) Welcome. Moving on then, Senator Raikes.

SENATOR RAIKES: Thank you, Mr. President, and members, the discussion this morning has focused a lot on impacts of this program or bill on the state's fiscal situation. I wanted to come at it from the other direction, namely, from the aspect of property tax relief, which is sort of the original intent here. And a couple of sort of I guess general perspectives on that; one is that property tax collections in this state now amount to roughly a billion and a half dollars. In addition to that, there's sales and income taxes amounting to about 2 1/2 billion dollars. You add those together and as a percent of total tax collections, property taxes are one and a half out of about 4 billion or amount to roughly 35 to 40 percent. The point there is simply this. We cannot eliminate property taxes. If we eliminated property taxes, we would, by my calculations, at least, have the highest sales and income taxes around. We would have to increase our tax rates something in the area of 40 percent. And in addition, we would face a number of issues regarding local control. So regarding property tax relief, what is a realistic goal? And I think there is agreement that declining relative burden is a realistic goal. We want property taxes to decline as a percent of the total tax burden. What is required for that? Well, you could probably achieve that goal as long as property taxes increase less than 5 1/2 or 6 percent. Thus, we could probably accomplish a declining relatively...relative burden if we had no rebate or credit program at all. The question then becomes how fast does the relative burden decline? One possibility is to keep constant the dollars paid on property taxes. We have a hundred or 1.5 billion now, we keep it there. Well, the problem with that is that all increases in local expenditures under that sort of a