

TRANSCRIPT PREPARED BY THE CLERK OF THE LEGISLATURE  
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SENATOR RAIKES: Well, I was just asking your understanding, I guess, of the minimum levy penalty and the way it works in the current formula. And what I suggest is that that penalty level, which is now 1 cent below the local effort rate, or 99 cents, if a school system would drop their levy 1 cent below that 99 cents...

SENATOR WICKERSHAM: It's...it's...it's 11 cents below the maximum levy.

SENATOR RAIKES: Which is, turns out now to be 1 cent below the local effort rate. Is that correct?

SENATOR WICKERSHAM: That's correct.

SENATOR RAIKES: Okay. So given that, if it drops its levy 1 cent below that amount, the system is in effect taxed 100 percent of that amount below the minimum levy by subtraction from its state aid amount. Is that correct?

SENATOR WICKERSHAM: Yes.

SENATOR RAIKES: All right. So my...my...again, the question I was raising before, why would you want to drop...

SENATOR CUDABACK: One minute.

SENATOR RAIKES: ...that 1 cent below or the minimum levy another 5 cents? In effect, that would allow a school system the option of providing local effort at a much lower level without being, in effect, penalized. Is that...am I correct?

SENATOR WICKERSHAM: The current...the current minimum levy penalty is...is coordinated with the maximum levy, and it's 90 percent of the maximum levy. So if you...when we go to the dollar drop, the maximum levy would be...or the minimum levy would be set at 90 cents, because there's a 10 cent differential between the maximum levy and the local effort yield rate. Now, the bill would change that so that if, for example, the local effort yield rate was at 90 cents, then the minimum levy penalty...