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March 28, 2003 LB 292

Mr. Clerk, next amendment, please.

CLERK: Mr. President, Senator Landis would move to return the bill for specific amendment AM1071. (Legislative Journal page 1096.)

SENATOR Dw. PEDERSEN: Senator Landis.

SENATOR LANDIS: Mr. Speaker, I filed this amendment before Senator Brown got here today and, in fact, it's the contents of a bill that she introduced and it went through an amendment process in the Revenue Committee and was reported out unanimously. The problem that she brought to us was the way that low-income housing was being assessed. Low-income housing is where a firm goes out and constructs housing that they promise the federal government will be used for low-income housing. One of the things that you do when you do that is you get some benefits from the federal government but, in return, you promise that the property will be used that way for 25 years, including if you sell the property, so that the successor buyer also has the same promises to keep. Because you now have this limitation on the freedom of the potential buyer, you've got a limitation on the value of the property for assessment purposes, and the reason is there are many fewer willing buyers for a piece of property that has that kind of restriction than there would otherwise be in the marketplace. That problem was brought to us and, in fact, our answer was that's true and good and existing public policy as such that the value of the property is what it will bring on the open market. If there are limitations on the use of the title, it should be reflected in the marketplace so that we don't need to build in any special recognition of this problem. In fact, just scrupulously doing the existing idea of actual value should be helpful. The language that's here is: "Actual value is the most probable price expressed in terms of money that a property will bring if exposed for sale in the open market, or in an arm's length transaction, between a willing buyer and a willing seller, both of whom are knowledgeable concerning all the uses," and here's the important part, "both of whom are knowledgeable concerning all the uses to which the real property is adapted and for which the real property is capable of being used. In analyzing the