

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

May 28, 2003

LB 622

it thoroughly. You've made a decision, you made the correct decision, and I ask you at this point to stand firm. Let me give you a little bit of my take on this whole issue, as a matter of review. You've just heard some comments by Senators Janssen and Mines, and I'm going to contrast a little bit, at least in their conclusions. Again, this is the Municipal Equalization Fund program. Its basic concept is equalization. The idea: If you have a city in which there is low valuation per capita, not much wealth per capita, then it may be that you do not have...you're not able to levy enough money, or levy for enough money, under the property tax lid, to properly operate your city. This program is specifically designed to address that issue. If you have low valuation per capita, you will get aid to operate your city from this program. On the other hand, if you have a high valuation per capita, you have adequate resources through the property tax route to fund your city operation, you don't get aid through this program. It's a sound concept, one that's used in supporting local governments many, many different ways. Certainly, it's the basic idea behind supporting school districts. The funding for this program, there are two dedicated revenue sources. One of them is a percentage of the insurance premium tax, and the other one is a city sales tax collection fee. Those two sources in their entirety go to funding this program. Also in the statute, it says, if the amount of money generated by these two sources is short of the amount needed to fund the formula, the equalization formula, then you prorate it. On the other hand, if there is extra money, then that extra money is distributed on a per capita basis. This makes it like most other city aid. So you've heard comments, well, gee, that, you know, this is unusual, it's per capita. Most of our city aid now goes on a per capita basis. It is also counter to the equalization idea, which is the main component of this formula. What happens is that cities are informed of the amount they will get through the formula, and then they are warned, so to speak, of extra money that will come to them if there is expected to be extra money in these two funds. What LB 622 would do, as now drafted, it would maintain that equalization program in its entirety. There is no cut whatsoever in the equalization program. It would also honor the estimated revenue reported to cities through the roll-over, or slop-over, or extra money provision, the per capita provision