

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

March 1, 2005

LB 198

certain services. I think maybe sewer and water were a couple of them that they were most interested in. The policy of the city of Lincoln was that they could provide the plant those services, but only if the plant became a part of the city of Lincoln, seeing because it was adjacent that was possible. It is the case with a Class IV school district, which Lincoln is, that a the school district...or the city boundary moves, so does the school district boundary. So when this arrangement was agreed upon and carried out, the following happened: Property that had been in the Malcolm School District was all of a sudden in the Lincoln School District, and this was, as you might imagine, a significant amount of property. What impact does that have? Well, it does have an important impact because there is a year delay, if you will, in school aid formula calculations, as well as property tax calculations. To continue the example, Malcolm would...the school district of Malcolm would end up shorted in that arrangement without the bill, LB 198...and LB 198 was not, of course, in place at that time...but they would be shorted because of the following. Their state aid had been calculated assuming that they would be able to tax the Kawasaki plant, so, as a result of that, their state aid would be less. They had more local property; they get less state aid. So they had less state aid and, on the other hand--they got...they got the other part of the double-whammy--when it actually came time to tax, they were not able to tax Kawasaki because by that point it had been transferred to the city of Lincoln's school district. Lincoln, on the other hand...both of these happened to be equalized school systems. Lincoln, on the other hand, came out much better on the deal. Their state aid was higher because it was calculated assuming they did not have Kawasaki, but in fact they did have Kawasaki, so they got both the additional state aid and the opportunity to tax the Kawasaki facility. In addressing that situation, this bill would do the following. Before the August 20...or before August 20 preceding that school year that the taxes and the state aid would support, the school district who was being annexed into would apply to the state department because of the annexation. If they did, the following would happen. In the case of Lincoln, their state aid would be reduced to reflect the fact that they had the additional property to tax or to assess. On the other hand, Kawasaki...or,