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problem is that people who do 1031s sometimes pay top dollar, and the effect is to indicate what the value of the land is. I think Senator Connealy just told me that there wasn't an acre sold in Burt County that was not on a 1031 exchange for like the last three or four years, which means there would be no sales file. Are these arm's-length transactions? Yes. If they are, they belong in the sales file. It's a fiction to say they are not agricultural land. And we will get a narrower and smaller and less reliable tax valuation system if we throw out arm's-length sales who happen to be 1031 exchanges. Secondly, this idea hasn't had a public hearing; wasn't in any form of the bill; and the Revenue Committee hasn't seen this. I'm not sure it would get out. My guess, I would predict that it wouldn't get out of committee because we generally keep as big a sales file as we can if they are arm's-length sales. And there is nothing in here that indicates that these are anything other than arm's-length sales. By the way, if the sale is flawed because it's not at arm's length, then the 1031 status doesn't save it; it will be thrown out. But if it is an arm's-length sale but they use it as a tax transfer on a 1031 form, it is in the sales file, as well it should be. Imagine a county that doesn't have a single transaction of agricultural exchange in the last four years that could be considered for the current value of ag land because they were all 1031 exchanges. That will yield us bad data. That is a dangerous situation. Now, to the extent that there were exchanges, and they were arm's length, they should be considered. Why? Because what we want is real market value. That's what the constitution requires. That's what the uniform and proportionate clause is based on so they then can make adjustments down. The fact that it's a 1031 doesn't make this invalid as the source of data with respect to the market of agricultural land. I ask you to defeat the Loudon amendment; bring it next year with a public hearing. Let the counties and the agricultural interests that are out in the lobby weigh in and tell you what their thoughts are, but don't do it with 15 days left on General File without a public hearing.

SENATOR CUDABACK: Thank you, Senator Landis. Senator Loudon, followed by Senator Connealy.