

January 5, 1989

LB 81-160
LR 1-2

being here and thank you for your services. We also have guests of Senator Rod Johnson under the north balcony. We have Omer Troester of Hampton, Nebraska. With him is an exchange student, Alberto Porras of Costa Rica. Would you gentlemen please stand up and be recognized. Thank you for being here. We also have, over under the south balcony, a former member of this Legislature, Senator Tom Fitzgerald, would you please stand up and wave your hand. Thank you. Please welcome Senator Fitzgerald back. Thank you, Tommy. Mr. Clerk, back to the reading.

CLERK: (Read LB 81-98 by title of the first time. See pages 61-67 of the Legislative Journal.)

PRESIDENT: We'll stand at ease for some 15 minutes or half an hour while we get some of the work caught up up here in front. So be at ease, please, for a while. Thank you.

EASE

CLERK: Meeting of the Health Committee, under the north balcony, right now. Health Committee, north balcony right now.

SPEAKER BARRETT PRESIDING

SPEAKER BAPRETT: Additional bill introductions, Mr. Clerk.

ASSISTANT CLERK: (Read LB 99-150 by title for the first time. See pages 67-76 of the Legislative Journal.) That's all I have at this time, Mr. President.

SPEAKER BARRETT: More bill introductions, Mr. Clerk.

CLERK: (Read LB 151-160 by title for the first time. See pages 76-79 of the Legislative Journal.) Mr. President, in addition to those new bills I have new resolutions. (Read LR 1-2 for the first time. See pages 79-81 of the Legislative Journal.)

Mr. President, in addition to those items I have a series of announcements. Mr. President, there will be a meeting of the Executive Board today at three-fifteen for purposes of referencing. Executive Board, three-fifteen for referencing.

Mr. President, Senator Rod Johnson would like to have a meeting

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LB 63, 104, 116, 193, 198, 209, 221
294, 458, 459

county, school district and other governmental subdivisions, and then in the Section 2, we specify city or village and put them under the State Investment Office. Was there a reason why we didn't treat the school districts and the counties and the other subdivisions as we did the cities and villages.

SENATOR LANDIS: In fact, no one had the presence of mind to ask the League of Municipalities why they had drafted the bill that way. There were no county representatives and I think we looked at the new language, not the old language. You raise a fair question. On the other hand, the counties haven't asked to be in the bill either, so...

SENATOR PIRSCH: Okay, thank you. That answers my question. Thank you.

PRESIDENT: Thank you. Senator Landis, please.

SENATOR LANDIS: I will waive.

PRESIDENT: All right. Senator Weihing, would you like to close on the advancement to E & R Initial?

SENATOR WEIHING: In order to clarify what can be done with regards to the cities and villages in the use of their surplus funds, I request that this be advanced to, this LB 221 be advanced to the next stage of legislation here.

PRESIDENT: Senator Lynch, he was closing. Okay, the question is the advancement of LB 221. All those in favor vote aye, opposed nay. Record, Mr. Clerk, please.

CLERK: 29 ayes, 0 nays, Mr. President, on the advancement of LB 221.

PRESIDENT: The bill is advanced. Do you have anything for the record, Mr. Clerk?

CLERK: Mr. President, I do. Your Committee on Revenue, whose Chair is Senator Hall, reports LB 198 to General File, LB 209 to General File, LB 459 General File, LB 458 General File with amendments, LB 63 indefinitely postponed, LB 104 indefinitely postponed, LB 193 indefinitely postponed, LB 294 indefinitely postponed, all signed by Senator Hall. Judiciary Committee, whose Chair is Senator Chizek, reports LB 116 to General File,

increase and the need at the local level. In other words, even though we would allocate the funding, that they never kept pace because there are other local subdivisions of government that rely on property taxes. The schools' costs are not going to decrease, they are going to increase as the years go on, and the small amount of relief that we have provided traditionally in the way of a state aid appropriation has not been anything that has kept current or has kept pace with the increased costs or the increase in the local subdivisions of government. In order to achieve that end so that there is ultimately a property tax relief, we felt that there was a need to address the issue of alternative funding, and the income tax being the proposal that would be able to keep pace. I know Senator Schmit, and myself, and I think a number of other, I think Senator Bernard-Stevens, introduced bills that dealt with placing a sales tax formula into the funding mechanism to allow for property tax relief. Those proposals were rejected by the Revenue Committee. The proposal that was advanced out was LB 611, Senator Moore's, and that contains in the committee amendments two proposals that with the adoption of Senator Moore's amendments would be retained, and they are the issue of LB 104, which was another bill that was introduced by Senator Moore, that would render a tax return incomplete if it did not include the school district number on it. Currently, our tax returns allow for a box that asks for your school district number. Many of us, with over 800 school districts, do not know what our school district is. To date, that was just to provide information on a voluntary basis. What the committee amendments would do and what LB 104 did was provide that an income tax return would be incomplete if it did not have that information on it. What that means is that the return would be sent back to the filer and that information would be necessary in order to warrant a return complete, so they would have to fill out that box. The other part of the committee amendments that will be retained with the adoption of Senator Moore's amendment to them is the sunseting of the foundation and equalization aid that was the basis for bringing people to the table to discuss the issue of a shift from property tax to income tax. The committee amendments wiped out that foundation and equalization formula. Senator Moore's amendment will sunset them, so there is a change there with the Moore amendment, but the intent is the same, that we move away from foundation and equalization for basis of...

SPEAKER BARRETT: One minute.

SENATOR HALL: ...the structure with regard to state aid and calculate in the income, the property taxes, and state aid on an as needed basis. That is part of Senator Moore's, I think, introduction to his amendment, although the amendment does not do exactly what the original bill would do. With that, Mr. President, I would move that the committee amendments be adopted as they will be amended by Senator Moore's amendment, and I will speak to the Moore amendment when that is presented. Thank you.

SPEAKER BARRETT: Thank you, Senator Hall, and before going to the amendment on the Clerk's desk, I am pleased to advise that Senator Hefner has 15 high school students, future homemakers, from Crofton High School, with their teacher, in the north balcony. Would you people please stand and be welcomed by the Legislature. Thank you. We are pleased to have you with us. Mr. Clerk.

CLERK: Mr. President, Senator Moore would move to amend the committee amendments. Senator Moore's amendment, Mr. President, is AM1222. You will find it in your bill books.

SPEAKER BARRETT: Senator Moore.

SENATOR MOORE: Well, Mr. Speaker and members, I have got a handout which is AM1222, which is found on page 1531. Adoption of this amendment will basically become the committee amendments, and then what we will have is an amended version of 611 as outlined in the handout I have given you, and found on page 1531 in your bill book. That is one of those issues that I guess I can't apologize for, it is just a fact. It is very complicated and the things we are going to go through here today are somewhat complicated, so I only urge you listen up and, of course, ask me any questions you may have. With the adoption of this amendment, my amendment to the committee amendments, we will have the committee amendments and then the bill will basically do three basic things, three very basic things. The first of which is we will sunset the foundation and equalization aid January 1, 1991. This coincides with the sunset date on LB 84, as compromised, and the reason that that date is in there is because, quite simply, it is important that the Legislature come back next session and really finalize what it is we are going to do with school finance. The second thing that it does, it requires the same thing as LB 104, if you want to look at it in your bill books, it requires that every income tax form has

SENATOR PIRSCH: Thank you. So what we will really have left in 611 is the intent of the Legislature to replace the present school financing and to assure property tax relief and tax equity, and then the technical school district's identification number?

SENATOR MOORE: Third thing in there is the sunset on foundation and equalization aid, the third thing will still be in there.

SENATOR PIRSCH: Yeah, that hammer will still be in. I guess I will support the amendment to LB 611 but I am curious to see how this will play out. Thank you.

SPEAKER BARRETT: Senator Bernard-Stevens.

SENATOR BERNARD-STEVENS: Thank you, Mr. Speaker. I was going to call the question but I did hear that Senator Warner had his light on and I would be curious to see, naturally, what he would be saying on the issue, so I will not do so at this particular time. I will make a couple of comments if I can. At the beginning of the legislative session back in January, if we can all remember back that way, Senator Withem and I and others brought up a \$50 million property tax relief, and it was stated to be just to bring the issue to the forefront, and the reason I bring that up again, and remind the body, is that basically the first week or so of the Legislature property tax was put as one of the major issues that this Legislature was going to face or try to deal with. Of course, many Legislatures in the past have said the same thing, and the real question that hung out there in the minds of many in the media, and I am sure the people of our districts was, yes, we have heard this before but what are you really going to end up doing. After that, we had numerous bills introduced to the Revenue Committee which Senator Hall took some time to go through, and I, myself, had a couple of options that I put in simply for the Revenue Committee to have other choices; one being very similar to 611, a local option income tax, and also a clause similar to LB 104. All of a sudden, we had a lot of bills. We were wondering what the Revenue Committee was going to come up with but there was no focus, no one had any particular area that they were looking at that was taking the forefront. And then by magic over the weekend, over a period of time, a light shone and it shone on, basically, a small group of the Legislature, who sometimes always get together, such people as Senator Hall and Senator

April 20, 1989

LB 104, 611

SPEAKER BARRETT: You've heard the motion to adopt the E & R amendments to LB 611. All in favor say aye. Opposed no. Carried, they are adopted.

CLERK: Mr. President, Senator Warner would move to amend the bill. (Warner amendment is on page 1796 of the Journal.)

PRESIDENT: Senator Warner.

SENATOR WARNER: Yes, Mr. President, members of the Legislature, this amendment is one that would strike provisions in 611 that repeal the Foundation Equalization Act, I believe it was June 30, 1991. I had some hesitancy about whether or not that was a good idea, actually I think it was a bad idea. But yesterday the body came very close to putting a similar provision on another state aid formula that was advanced. And it seems to me that to be consistent it would be logical to also remove the repeal of this state aid formula so that it stays in effect until a change is made, just as will be true of the other bill that was advanced yesterday that will stay in effect. It merely...the amendment merely takes out the repeal of the Foundation Equalization Act, as provided for in 611.

SPEAKER BARRETT: Discussion? Senator Moore, followed by Senator Hall.

SENATOR MOORE: Yes, Mr. Speaker and members, I rise to oppose Senator Warner's amendment, even though I do agree with some of his logic on the rational of what the body did yesterday and how it compares with that of the issue we're talking about in LB 611. But while Senator Warner is correct, and he said it merely strikes the sunset portion of the bill that is dealing with sunset of foundation equalization, when you merely do that you merely neuter the bill into absolutely nothing, practically, with the exception of the LB 104 provisions which say that you...dealing with the school district identification numbers and the data collection in the Department of Revenue. I think it's important that if this body really feels that we need to restructure the overall tax system in the State of Nebraska and really work on a tax shift, we're going to have to set some sort of deadline and say, yes, people in the State of Nebraska, and yes, to each and every one of us, that we're seriously going to do something. My concern is if you would adopt the Warner amendment you are basically saying, no, I think it's a good idea, but we're not really seriously going to look at it next