

January 19, 1989

LB 94, 247, 570, 576, 683-808

as yet, please contact Joanne immediately. If you don't have the bill that you are expecting, please contact the Bill Drafters Office immediately. Mr. Clerk.

CLERK: Mr. President, for the record, I have received a reference report referring LBs 496-599 including resolutions 8-12, all of which are constitutional amendments.

Mr. President, your Committee on Banking, Commerce and Insurance to whom we referred LB 94 instructs me to report the same back to the Legislature with the recommendation that it be advanced to General File with amendments attached. (See pages 320-21 of the Legislative Journal.)

Mr. President, I have hearing notices from the Judiciary Committee signed by Senator Chizek as Chair, and a second hearing notice from Judiciary as well as a third hearing notice from Judiciary, all signed by Senator Chizek.

Mr. President, new bills. (Read LBs 683-726 by title for the first time. See pages 321-30 of the Legislative Journal.)

Mr. President, a request to add names, Senator Korshoj to LB 570, Senator Smith to LB 576, Senator Baack to 570 and Senator Barrett to LB 247.

SPEAKER BARRETT: Stand at ease.

EASE

SPEAKER BARRETT: More bills, Mr. Clerk.

ASSISTANT CLERK: Thank you, Mr. President. (Read LBs 727-776 by title for the first time. See pages 331-42 of the Legislative Journal.)

EASE

SPEAKER BARRETT: More bill introductions.

ASSISTANT CLERK: Thank you, Mr. President. (Read LBs 777-808 by title for the first time. See pages 343-50 of the Legislative Journal.)

CLERK: Mr. President, I have reports. Your Committee on

March 13, 1989

LB 84, 140, 154, 183, 285A, 340, 405  
406, 522, 528, 611, 634, 653A, 655  
657, 700, 739, 747, 774, 807  
LR 18

record your presence. Members outside the Legislative Chamber, please return. Senator Hefner, please record your presence. Senator Labedz, Senator Haberman. Senator McFarland, the house is under call. Senator Chizek, Senator Haberman apparently is the only one that is absent. Can we go ahead? And did you request a roll call? Thank you. Members, please return to your seats for a roll call vote on the advancement of the bill. Proceed with the roll call vote, Mr. Clerk.

CLERK: (Roll call vote taken. See pages 1091-92 of the Legislative Journal.) 18 ayes...Senator Chizek.

SPEAKER BARRETT: Senator Chizek.

SENATOR CHIZEK: I want to change my vote from yes to no for purposes of reconsideration.

SPEAKER BARRETT: Thank you.

CLERK: Senator Chizek changing from yes to no. 17 ayes, 19 nays, Mr. President, on the advancement of 140.

SPEAKER BARRETT: Motion fails. For the record, Mr. Clerk. The call is raised.

CLERK: Mr. President, your Committee on Revenue, whose Chair is Senator Hall, reports LB 84 to General File with amendments, LB 611 to General File with amendments, LB 739 to General File with amendments, LB 747 to General File with amendments, LB 807 to General File with amendments, LR 18CA indefinitely postponed, LB 405 indefinitely postponed, LB 406 indefinitely postponed, LB 522 indefinitely postponed, LB 528 indefinitely postponed, LB 634 indefinitely postponed, LB 655 indefinitely postponed, LB 657 indefinitely postponed, LB 700 indefinitely postponed, and LB 774 indefinitely postponed. Those are signed by Senator Hall as Chair of the Revenue Committee. (See pages 1092-93 and 1107-08 of the Legislative Journal.)

Mr. President, Senator Baack has amendments to LB 340 to be printed; Senator McFarland to LB 739; Senator Baack to LB 183; and Senator Smith to LB 154. (See pages 1093-1100 of the Legislative Journal.)

Mr. President, I have new A bills. (Read LB 653A for the first time by title. LB 285A for the first time by title. Read

it be the local school district, the ESU, the technical college, whatever it might be. On a statewide average that is roughly 62 cents out of every property tax dollar goes toward education. In some districts, that is much higher. I know in the Omaha area, it is approximately 70 cents out of every dollar. In some districts, it is lower, but it is very easy to say that well over half of the property tax dollar that is paid by our constituents goes toward the funding of education at the local level. We have all heard that the need and the cry, the holler, that property taxes are extremely high in the State of Nebraska, and we have had a number of studies, a number of national surveys that have brought this to our attention. And Senator Moore and other members of the body brought a number of proposals to the Revenue Committee this year that dealt with the issue of property taxes, and in one form or another, there were over 32 bills that dealt with the issue of property taxes, dealt with either a reduction or a shift, some form of change in how we address the issue of property taxes. And what the Revenue Committee did was we sent three bills to the floor. We sent LB 611, which was Senator Moore's bill that deals with a restructuring of the funding, to move us away gradually, as it may be, from the reliance on property taxes. We sent Senator Howard Lamb's bill, which follows this bill, LB 84 which was a rebate bill, 10 percent. That is one that is favored by the agricultural interest in this state, and we also sent Senator Chizek's bill, LB 747, I think, or 737, one of the two, that follows Senator Lamb's bill, and that was a bill that dealt with the interest in the form of a homestead exemption that the urban folks tend to favor. After we sent those bills, we, basically, killed every other property tax proposal outside of LB 809, which was the Governor's proposal, that we heard toward the end of the session, and...end of the committee hearings, excuse me, and then that bill was ultimately last week advanced to the floor, but we sent these three bills to the floor feeling that they provided a vehicle in one way or another, in either one bill or another, the opportunity for us to address, not only short-term property tax relief, but also the issue of long-term change with regard to how we fund education and, ultimately, long-term property tax relief. The bill that we have before us, LB 611, was...it was decided that it would become a bill through Senator Moore's amendment, which will follow, that will address the long-term aspect. The problem that we have had in the past with addressing the property tax issue, the shift, if you will, away from property taxes, is that there has not been a mechanism by which the monies that we pump in kept consistent with the

April 11, 1989

LB 77, 84A, 84, 371, 592, 643, 714  
739, 747

the revenues are at that point. There will be plenty of time to introduce legislation to remedy the situation. With that, Mr. President, I would ask that the amendment be adopted.

SPEAKER BARRETT: Thank you. Question is the adoption of the Lamb amendment to 84A. Those in favor vote aye, opposed nay. Record.

CLERK: 27 ayes, 2 nays, Mr. President, on adoption of Senator Lamb's amendment.

SPEAKER BARRETT: The amendment is adopted. On the bill, Senator Lamb, would you care to move the A bill?

SENATOR LAMB: I just move that the A bill be advanced, Mr. President.

SPEAKER BARRETT: Any discussion? Seeing none, those in favor of that motion vote aye, opposed nay. Record.

CLERK: 26 ayes, 3 nays, Mr. President, on the advancement of LB 84A.

SPEAKER BARRETT: LB 84A is advanced. I'd like to ask your cooperation in addressing the next two bills. Mr. Clerk.

CLERK: Mr. President, LB 747 was introduced by Senator Chizek. I do have a motion to indefinitely postpone, as offered by Senator Hall. Senator Chizek would have the option to lay the bill over, Mr. President.

SPEAKER BARRETT: Senator Chizek, your pleasure.

SENATOR CHIZEK: Lay it over.

SPEAKER BARRETT: It shall be laid over. Thank you. Anything for the record?

CLERK: Mr. President, bills have been presented to the Governor that were read on Final Reading this morning. (LB 77, LB 371, LB 592, LB 643, and LB 714.) Senator Withem has amendments to LB 84 to be printed; Senator Hannibal would like to add his name to LB 739 as co-introducer. That's all that I have, Mr. President. (See pages 1637-38 of the Legislative Journal.)

SENATOR CHAMBERS: ...do you...see. They didn't...they weren't in on it, they thought we were doing something that we really weren't. Do you see what I'm saying about those who pay rent and sales tax and property tax not gaining any benefits from this bill at all? LB 84.

SENATOR CHIZEK: Yes, as far as renters go.

SENATOR CHAMBERS: Does that trouble you?

SENATOR CHIZEK: Can I go on a little bit and just tell you that I'd had some calls from some people who own apartment complexes, when I originally had LB 747, and they had concern because they weren't included. I said, well, how about if we include you and put an amendment on that the rent will be reduced proportionately? Well, they didn't want to do that.

SENATOR CHAMBERS: Exactly, and that's the problem, so the renters are going to get it in the neck and the renters are people, too, and they are citizens, too. And by the way, Senator Chizek, you can't have any of my time. (Laughter.)

PRESIDENT: Time. Senator Withem, please.

SENATOR WITHEM: I would take my time to raise a point of order, the point of order being that the Haberman amendment, in effect, is a reconsideration of the Lamb motion for the one-year sunset. If the Haberman amendment is adopted, then the amendment is simply a reinstatement of the one-year sunset, and I think the proper form of action would be to rule this out of order, to vote up or down on the Bernard-Stevens amendment. And then, if Senator Haberman is so inclined, to either be in a position to file a reconsideration motion or find someone who is, that would be the course of action. But my point of order is that the Haberman amendment is, in effect, a reconsideration, because the effect will be to negate the effects of the previous Lamb amendment.

PRESIDENT: Senator Haberman, I'm going to rule you're out of order. Senator Haberman.

SENATOR HABERMAN: Well, Mr. President, then, as I understand it, if an issue has been discussed before and either defeated or passed, and somebody puts up an amendment on that issue, and somebody then amends that amendment, and if it pertains to

Legislative Journal.) 17 ayes, 20 nays, Mr. President.

SPEAKER BARRETT: Motion fails. Senator Korshoj, your light is on.

SENATOR KORSHOJ: Yes, Mr. President and members. I'm going to offer a motion before the body for three simple reasons. I'll let the body consider this and the reasons are enough is enough, is enough, and I therefore move that we adjourn sine die.

SPEAKER BARRETT: You've heard the motion to adjourn sine die. Mr. Clerk, have you anything?

CLERK: Mr. President, I have amendments to be printed to LB 747. (See AM1942 as it appears on pages 2760-63 of the Legislative Journal.) That's all that I have.

SPEAKER BARRETT: Thank you. Before a vote is taken on this motion, I'd like to share with this Legislature the good feelings that I have. I think this was an extraordinary session, a very good session and, as I said the other day, I'm proud to be associated. Again, the motion offered by Senator Korshoj to adjourn sine die. All in favor vote aye, opposed nay. Have you all voted? Please record.

CLERK: 18 ayes, 23 nays, Mr. President, to adjourn sine die.

SPEAKER BARRETT: Motion fails. Back to the motions filed on LB 814, Mr. Clerk.

CLERK: Mr. President, the next motion I have on LB 814 is by Senator Scofield.

SPEAKER BARRETT: Senator Scofield, please.

SENATOR SCOFIELD: Thank you, Mr. President and members. I think people pretty much know what the motions are and how you're going to vote and I'm not going to extend this. I would ask you to override the Governor's veto on the Trailside Museum and call to your attention if I believe the motion is correctly drafted, Mr. Clerk, I'm asking you for planning money. I'm asking you for the money to get this Trailside project through the planning and design development stage so that's money for the next two years to do that. This is, I would remind you, a citizens driven initiative to save an internationally recognized

SENATOR HALL: Mr. President, I would ask for a call of the house.

PRESIDENT: Okay. Call of the house has been requested. All those in favor vote aye, opposed nay. Record, Mr. Clerk.

CLERK: 15 ayes, 1 nay to go under call, Mr. President.

PRESIDENT: The house is under call. Will you please record your presence. Those not in the Chamber, please return to the Chamber and record your presence. Thank you. We're looking for Senator Ashford. We need Senator Hefner. Senator Rogers. Senator Ashford, will you record your presence, please. Thank you. Also looking for Senator Haberman, Senator Schmit and Senator Schellpeper. We're looking for Senator Schmit, Senator Haberman, Senator Landis, and Senator McFarland. We're looking for Senator Landis, Senator Haberman and Senator McFarland. Senator Hall, okay to go ahead?

SENATOR HALL: Fine, yeah, roll call.

PRESIDENT: Okay. Did you want a roll call vote?

SENATOR HALL: Please.

PRESIDENT: All right, and the question is the adoption of amendment eight, having to do with the germaneness rule. Mr. Clerk.

CLERK: (Roll call vote taken as found on pages 167-68 of the Legislative Journal.) 20 ayes, 25 nays, Mr. President, on the adoption of committee amendment number eight.

PRESIDENT: Amendment number eight fails. Move on to number nine. Do you have anything for the record at this time, Mr. Clerk?

CLERK: Mr. President, I do. I have amendments to be printed from Senator Goodrich to LB 350,...

PRESIDENT: Call is raised.

CLERK: ...Senator Hall to LB 747. (See pages 168-75 of the Journal.)

changes, but we do need some appropriation to go along with it, so I'd urge you to advance the A bill.

PRESIDENT: Thank you. The question is the advancement of the bill to E & R initial. All those in favor vote aye, opposed nay. Record, Mr. Clerk, please.

CLERK: 27 ayes, 0 nays, Mr. President, on the advancement of 259A.

PRESIDENT: The bill is advanced. We'll move on to LB 747 on General File.

CLERK: Mr. President, one quick announcement. Reference Committee will meet in Room 2102 right now for referencing. Reference Committee in Room 2102 for referencing.

Mr. President, LB 747 was a bill that was introduced originally by Senators Chizek, Withem, Hartnett, Ashford, Abboud and Robak. (Read title.) The bill was introduced on January 19 of last year. At that time, it was referred to the Revenue Committee. The bill was advanced to General File. I do have committee amendments pending by the Revenue Committee, Mr. President.

PRESIDENT: Senator Hall, are you going to take those amendments?

SENATOR HALL: Thank you, Mr. President and members, as the Clerk has spelled out for you, LB 747 was introduced by Senator Chizek and others that dealt with putting in place a homestead exemption provision. If you remember back to last year, it was one of a trilogy of bills that was advanced out of the Revenue Committee that offered different options to deal with the issue of property tax relief that was one hotly debated last year and is still on the top of the issues list for this year. The proposal, as it was introduced, would allow for a homestead exemption for an owner-occupied home...owner-occupied is important to remember, of \$3,000. In other words, valuation would be made, the first \$3,000 would be stripped off or that value taken away. The cost would be picked up by the state, similar to the homestead provision that was included in LB 84 that was ultimately passed last year. The committee amendments do this. They double that amount, that's all they do. If you will look at the bill itself, it's very easy to read because the bill is basically on page 2 of the green copy. If you look at



that, that paragraph there, lines 8 through 11 are the extent of the bill. The homestead exemption provision, with the committee amendments, would go from 3,000 to 6,000. I would urge the adoption of the committee amendments. The committee amendments would take the bill, as it was introduced, from \$22 million to approximately 45 to \$50 million in costs and that's what the committee amendments would do, Mr. President. I would urge the adoption.

PRESIDENT: Thank you. Senator Chizek, please.

SENATOR CHIZEK: I would just rise to support the committee amendments. In fact, I wouldn't have any objection, Senator Hall, if you would have went higher, but I urge your support of the amendment.

PRESIDENT: Thank you. Senator Lamb, please, followed by Senator Moore, on the committee amendments.

SENATOR LAMB: Mr. President and members, I guess I...Senator Chizek, I...or Senator Hall, I missed part of that.

PRESIDENT: Which one were you...which part?

SENATOR LAMB: Okay, the bill, as introduced, was \$3,000, now you're going with the committee amendment of 6,000?

SENATOR HALL: The committee amendments would bring the bill up to \$6,000. The first 6,000 would be exempt.

SENATOR LAMB: And you don't have any amendments to the committee amendments, is that it?

SENATOR HALL: I have no amendments to the committee amendments.

SENATOR LAMB: Then as the bill is...as you're recommending the bill be advanced is strictly homestead exemption?

SENATOR HALL: That is my intention this morning, yes.

SENATOR LAMB: This morning.

SENATOR HALL: As we sit here today, Senator Lamb.

SENATOR LAMB: You do have an amendment on the bill.

SENATOR HALL: I am going to withdraw those amendments.

SENATOR LAMB: Okay, you're going to withdraw all the amendments and just advance the bill as the committee has amended it. Is that correct? Is that what your plan is?

SENATOR HALL: Well, it's Senator Chizek's bill but I would support that, yes.

SENATOR LAMB: And he is nodding yes. He is nodding yes.

SENATOR HALL: You're right, he is.

SENATOR CHIZEK: Yes, he nodded yes.

SENATOR LAMB: You know, I have a feeling this 747 has taken off without me. Is that correct?

SENATOR HALL: Senator Lamb, you're welcome to board.

SENATOR LAMB: Is it...could I ask another question of Senator Chizek, I guess, this time? Is it your intent then that this would be the vehicle by which property tax relief is accomplished for, say, this next year?

SENATOR CHIZEK: I would certainly hope so, Senator.

SENATOR LAMB: Would you not think that this should be...rather than using this procedure where we're amending a bill held over from last year to do whatever, would it not be more logical to...

SENATOR CHIZEK: No.

SENATOR LAMB: ...to start with a bill which goes through the public hearing process rather than just bringing in amendments on a bill which is a bit stale at this point?

SENATOR CHIZEK: Well, I'm not so sure property tax in this state is ever stale, Senator. And the bill, as you are well aware of, had a public hearing last year. I mean, property tax is not an issue that we have only dealt with once or twice, as you know. It's just like LB 84, Senator, as the gang of four amended it last year, there were numerous amendments that didn't

end up in the public hearing. The bill had a public hearing. The only difference in the bill that had the public hearing and what we're dealing with right now is \$3,000. And we're talking about, you know, an overall cost, roughly, of 46 to 50 million which is...actually, Senator, we're being frugal. You should be happy.

SENATOR LAMB: Thank you. Well, I guess my problem is that I have to read the bill and the amendment as it states right now. And my vote, you know, will reflect that. And I don't support homestead exemption only, as you well know. So, while I support property tax relief, as you know, I don't support, you know, I think it should be more general than the bill and the committee amendment provides at this point. So I have no recourse except to vote against both the committee amendment and the bill. Thank you, Mr. President.

PRESIDENT: Okay. Mr. Clerk has a priority motion.

CLERK: Mr. President, Senator Moore would move to bracket LB 747 until February 28, 1990.

PRESIDENT: Senator Moore, please.

SENATOR MOORE: Mr. President and members, for those of you that have not got in tune to what this session is all about, it started about eleven-thirty this morning when we deal with the property tax relief and it started with the divorce of the gang of four, or whatever you call it, obviously, and that term is obviously dead, as you heard from Senator Lamb's comments and you will soon hear from me. Obviously, I'm a little...more than a little bit concerned that Senator Chizek and Hall have chosen to renew the urban-rural battle of this whole issue on the delicacy of what's proper in percentages and what's proper for homestead exemptions and a variety of things. Obviously, to simply adopt the committee amendments, ignore the delicate balance that was in accord that was struck with LB 84 last year, I think is the wrong thing to do. Now Senator Lamb just mentioned that a lot of people, for a variety of reasons, may have a little difficult time voting a straight no on the committee amendments or the bill itself, now, as I do myself. I'm not saying here no to anything but the fact of the matter is that it's...even though we have been talking about this through the months of January and December, I mean of '89, and we've talked about it a lot, I don't know if today, on January 9th,

we're ready to make, for one, I don't think we're ready to just throw out the whole balance that we struck last year. And, for two, I don't think we're willing...we should be sending a message on what we're going to do as far as homestead exemption on January 9th. I just think it's too early. I initially thought maybe we should defeat the committee amendments and then try and bracket the bill. Obviously, some people's hope would be that we would adopt the committee amendments, then advance the bill to Select File and then bracket it. I think, for the safety and concern of the public and the safety and concern of the people in this body, to make sure we're not sending out any mixed signals, I think it would be wise to, you know, to rein in the horse, continue the discussion, have some hearings that Senator Lamb is talking about. Obviously, when we get into these type of issues, we get more than a tad bit concerned about who gets credit for what and I guess I don't want to get caught up in that. But I think it's a little too early to be opening the barn door and letting the whole stampede loose. And I wish we would rein them in and bracket the bill to February 28th.

PRESIDENT: Thank you. Senator Wesely, did you wish to speak?

SENATOR WESELY: Thank you. Mr. President and members, I rise in opposition to the bracket motion and in support of the committee amendments and in support of the bill's advancement to Select File. It's obviously the first volley in the property tax...great property tax debate in 1990 which will be followed by the great property tax debate of 1991 and on in the future. Every year we have been down here we have discussed it and every year we have not found that elusive solution to the problem. But I think, clearly, last year's solution was the worst mistake we made in property taxes and tax policy since the last time we passed any tax change in tax policy, which would have been 775 and 773, and some of those bills a couple years before that. That LB 84 which we touted on this floor which the Governor touted across the state as providing property tax relief to people around the State of Nebraska has obviously failed. It did not work. It was a mistake and we threw away over a \$100 million and all we did was provide camouflage for local governments to raise their budgets much higher than they had probably anticipated prior to the passage of that bill. Now, personally, if we would have adopted some of the alternatives that were offered at the time, including the sort of proposal that Senator Chizek is offering at this time, dealing with homestead exemptions, we would have far more seen the tax relief

people are yearning for in the State of Nebraska. There was an offer of an amendment at that time to have a homestead exemption of \$15,500. It would have provided \$405 of tax relief to each and every homeowner in the State of Nebraska. They would have seen some tax relief at that time. Instead, the paltry amount that we did provide under LB 84 was swallowed up in increases in property taxes. It will be lost even further as we lose the...as increased federal, income and state sales tax result, and, ultimately, it was destined for failure at the beginning. As I said at the time, good politics, bad policy. And that's exactly what we ended up with. But it wasn't even that, it wasn't even good politics, as we have seen the public has responded in a very negative fashion to having a higher expectation of tax relief and then not seeing it brought to fruition. So instead of moving forward in the fashion Senator Moore has talked about in holding the bill back, I would think that this solution, if we're going to send money back in tax relief and actually try and see some of it result where people can acknowledge it, a homestead exemption is the best way to go. And so I would encourage this advancement of the bill. But I think, frankly, the longer term solution to the problem lies in Senator Withem's initiatives on school finance, that school finance is the brunt of the problem on local property taxes, and that we ought to look to long term solutions and quit the short-term political solutions that we saw last year and we're possibly going to see again this year. If we're going to go to a homestead exemption, let's acknowledge it and let's fund it and let's understand it should be far into the future, not something short-term. At the same time, I think school finance is just that sort of long-term solution and one that we need to spend time on. But, clearly, hopefully, if we're going to start talking about property taxes, we'll recognize the failure of last year's initiative and not try and repeat that mistake yet again in 1990.

PRESIDENT: Thank you. Senator Landis, followed by Senator Hall and Senator Chizek, Senator Haberman, Senator Warner, Senator Nelson, Senator Bernard-Stevens and Senator Moore. Senator Landis, please.

SENATOR LANDIS: When you watch the Legislature and you watch the debate oftentimes you find little nubs of agreement with a variety of speakers from across the political spectrum. And, as I listen to this debate, there are areas that I find of agreement with almost all the speakers. First of all, I agree

with Jerry Chizek, the homestead exemption is too low; ought to be higher. And, frankly, I've got to agree with Senator Lamb that, in fact, property taxes operate very harshly against our farms. They do. This is an industry that does not control its own pricing, we know is an economic downturn, different from all of the rest of the economy. They do not share in the rise of the economy. They only rise with the federal budget. The farm economy does well when the federal government allows it to do well but not according to the pricing or market mechanisms that govern the rest of the economy. And, frankly, we have done some things that have made that situation more difficult for farmers. We gulped down bitter medicine last year in LB 361 and that has implications for farmers. Frankly, as we move LB 249 across the board, there will, over time, perhaps be more difficult tax burdens for farmers in LB 249. We have done that in a couple of different places. I would not want to throw out that key to agreement that we found last year which is that you can't do property tax relief for one and only one sector of Nebraska at a time. This is not an area in which we can have winners and losers. This is an area in which we must have winners and winners. And, in that sense, we made progress on property tax relief last year because, after butting our heads against each other for years, we agreed to hold hands and move forward by making sure that the pot was divided with some equity. I can sure understand why Jerry would want to come to the well right now and say, it's too little, let's improve ourselves, let's do more, and I agree with that notion. But let us not throw away the key to action in this area. And, frankly, Senator Wesely raised a good point. Our initiative last year failed to bring real property tax relief because of the unexpected rise in local spending. I agree with Senator Wesely on that point. On the other hand, there is nothing in 747 that ensures that that will happen across the state again, and, in fact, there won't be additional increases in local spending. In other words, the failure that Senator Wesely identified, which I think is absolutely accurate, and laid at our feet from last year's LB 84, remains at our feet no matter what we do with 747. The key to that failure and solving that problem doesn't lie in this bill, it lies elsewhere in the lid proposals contained in other measures. If I had to choose for myself a course of action today, it would be this, it would be to send 747 to E & R and to bracket 747 on E & R for a period of time certain, sufficient to have the public hearing and the committee disposal of the issue of a more across-the-board kind of real property tax relief and let the issues be joined at that point. Yes, I suppose a

bracket motion can be taken up now. I will be voting against this bracket motion but I would be in favor today of bracketing 747 upon its successful completion of going to passage on General File to bracketing it on E & R to permit that kind of joint decision-making that doesn't throw away the key to agreement. And the key to agreement here is there must be relief for farmers and for people who have very large portions of property, as well as homeowners. So I'm going to vote against the Scotty Moore amendment. I am going to vote for advancement, but, at that time, it seems to me that we should take up the issue of bracketing 747 on E & R to permit the formulation of a legislative solution or at least a legislative response this year to real property taxes. We will undo the basis for our work if we ignore the key to our agreement of the last year, which is that homeowners must participate and receive real property tax relief as well as farmers. That must happen this year as well if we anticipate genuine...

SPEAKER BARRETT PRESIDING

SPEAKER BARRETT: Time.

SENATOR LANDIS: ...real property tax relief. And, to do that, we need to bring that lid mechanism along at the same time as we do any major property tax relief issue. Without it, we run the chance of permitting ourselves to fall into the same trap we did last year which was to pass major real property tax relief and then have it eaten up by other political subdivisions.

SPEAKER BARRETT: Time has expired. Senator Hall, followed by Senator Chizek.

SENATOR HALL: Thank you, Mr. President, and members, I rise in opposition to Senator Moore's bracket motion. The argument that it is untimely because it is January 9th, I think, is probably the exact argument to use that is appropriate to deal with the issue when we're in the, I guess, fourth day of the session. The bill deals with two issues and the committee amendments that we're on right now deal with the issue of what level do you allow for the homestead exemption? And the bill itself deals with the issue as it was advanced out of the Revenue Committee of looking at the homestead exemption as the proper vehicle for dollars to provide property tax relief. The Revenue Committee looked at three various proposals in the area of property tax relief and advanced those three proposals to this Legislature

last year; Senator Chizek's LB 747 was one. It dealt solely and specifically with the homeowner, the owner-occupied residence, because those people were under the burden of a very costly property tax that in some cases had driven those people out of their homes, those who were the elderly and on fixed incomes, most of all. It also provided a barrier for young people who could not afford to purchase a home because of the additional cost of the real estate taxes that they had to bear. The other form of relief that we looked at last year was brought to us by Senator Lamb, which was the bill that ultimately became LB 84 and was passed and was, as Senator Landis points out, a commingling, if you will, of the two ideas, that being a straight 10 percent across-the-board proposal that he offered to the Revenue Committee; 10 percent, which favored the landowner clearly. It favored those who owned a vast majority of the property and did not have as dramatic an impact on the homeowner. The third proposal was a proposal that was brought by Senator Moore in the form of LB 611 that dealt with the overreliance, the key issue of property tax, the overreliance by local subdivisions, specifically schools and the financing thereof in the area of property taxes. That bill was modified greatly, was advanced and basically became nothing more than a sunset for our current foundation and equalization formula. It was passed as well. Senator Chizek's priority bill, LB 747, is before you. And I would disagree with much of what Senator Landis said, but really only one area and one area alone. I would narrow that down to the issue of why our property tax relief effort, last year, in the form of LB 84, failed. And I would argue that it failed because it was spread too thin. It was spread too thin. We tried to do just exactly what would be urged today, that we basically try to be all things to all people and it won't work, ladies and gentlemen. We have only so much money to dole out. The lid, granted, is a necessary factor in this equation. I have an amendment up that will provide a protection with regard to the lid issue but to again try to take an even smaller pot of money and spread it to the same base that we did last year, or attempted to last year, would provide even less if there is a possibility for that when you gave little or none, if there is possibility to give less than that, that's what we would be doing if we would try to attempt to massage LB 747 into another LB 84. The provisions that would allow for the homestead exemption, with the committee amendments, would allow about \$50 million in property tax relief. I have read in the paper comments by members of the Legislature in the last few days that the revenues are basically...



SPEAKER BARRETT: One minute.

SENATOR HALL: ...down for December, that we don't know what's going to come in just yet, that January will be a critical month. I think to take and adopt the committee amendments to LB 747, allow for approximately \$50 million to be available and on Select File in some form or another, to advance that at this early date, to get it over there, then bracket the bill, deal with the argument, the issue of who gets what at that point in time where we know how much money is available, would be the most prudent thing to do. I would argue that if you bracket this bill now, you could, for all intents and purposes, without a number of suspension of rules and other items, be looking at washing property tax relief for 1990 down the drain. I would urge that you reject Senator Moore's bracket motion. Thank you, Mr. President.

SPEAKER BARRETT: Thank you. Senator Chizek, please.

SENATOR CHIZEK: I rise to oppose Senator Moore's motion, undoubtedly. As I understand it, Mr. Clerk, you have another motion, changing the date to February 3rd, sitting up there someplace. That is not true. Okay, well, then I oppose this Senator Moore's motion. I...undoubtedly, there are those who are leaving you with the impression that there is nothing available for my friends in the rural areas. That's just simply not true. They know it, you know it and I know it. When we talked about the homestead exemption, they're getting the homestead exemption on the farm house just like Senator Barrett is on his house, just like I am on my house. That's all we're saying. You remember the problems that we had last year when the gang of four didn't want to go quite as far because of the dollar limits that we had as the Governor's package. There was a constitutional question surface that all of us disagreed with, all of us disagreed with but we ended up abiding by that because of that constitutional question and because of opinions that were rendered on that particular question by the Attorney General. So I would say to you, colleagues, that this, at this point in time, is the only ball game in town. I would oppose Senator Moore's bracket motion. I might consider a motion that I am told is going up when we advance the bill to Select. With that, I urge your rejection of the amendment.

SPEAKER BARRETT: Thank you. The Chair recognizes Senator

January 16. That is offered by Senator Landis as Chair. (Re: LBs 981-984 and LB 1008. See page 235 of the Legislative Journal.)

SPEAKER BARRETT: Thank you. At this point in time, we will return to General File and pick up on LB 747, the bill which was being discussed at the time of our recess for lunch. The issue at that point in time was Senator Moore's bracketing motion. Going directly to the speaking order that we left when we recessed beginning with Senator Haberman, followed by Senators Warner, Nelson, Bernard-Stevens, and Moore. (Cavel.) Senator Haberman, discussion on the bracketing motion.

SENATOR HABERMAN: Well, Mr. President, and members of the body, I am sure that you have all heard of the proverb of the fox in the henhouse. Well, I would like to assure you folks that we are putting two foxes in that henhouse, not just one, but two. Now I would not want to allude to Senator Hall and Senator Chizek as being foxes, but if you would like to allude to that, you may do so but I would not say that. I am just saying we are putting two foxes in the henhouse. Now this is a 1989 bill, so we can also call this a sleeper bill. Well, what is a sleeper bill? Well, a sleeper bill is a bill that you put out of committee, just put it out on the floor to see what would happen, see what kind of input you get, and really we are not going to do too much with that bill this year, but let's just put it out in case. Well, I would not say that the committee did that, although there was one person who voted against it and all the rest of them voted for it. So here we are now in 1990, and we are faced with a bill that basically is a year old. Now, quite possibly, some people have forgotten what was in the bill or what the issue is or the cost of the bill. So, therefore, it is necessary, it is necessary, absolutely necessary to bring to the attention of the members of this body just exactly what that bill does. Now, Senator Chizek, you are sitting there smiling and I have nothing but admiration for you for the way that you brought this bill before the body and how you are handling this bill, that's...and Senator Hall, too. You gentlemen are very smooth. I appreciate that. In fact, I would like to have you work on some of my legislation sometime, but I would like to say to you that we are spending a considerable amount of money. We don't know where we are really financially yet this year. I would like to spend a little money, and I am kind of afraid that if we pass this bill, there won't be any money left for ole' Rex and, you know, that is not too good either. So I would rise and

ask you to remember this is a sleeper bill. We gave an exemption last year. Let's be careful what we do this year, and let's wait awhile, and, therefore, I will support Senator Moore's bracket bill (sic). Thank you, Mr. President.

SPEAKER BARRETT: Thank you. Further discussion on a motion to bracket until February 23rd, Senator Warner. Correction, 28th, thank you, sir. Senator Warner.

SENATOR WARNER: Mr. President, members of the Legislature, I would rise to support the motion to bracket. I would like to make a couple of other comments though, too, in regard to legislation enacted last session, LB 84, which I did not vote for, which I voted against, to be more precise, because I felt the funding was at a level that could not be sustained. But I certainly would not stand on this floor and say there was \$98 million thrown away or, more accurately, 115 million thrown away. What did not happen, obviously, was that there was not 115 million of property tax reduction, and the reason there wasn't was because there was no lid. It is real simple, it is not hard to figure that out. I don't predict or tend to suggest that the money was wasted. I would have every reason to want to believe that every local board who enhanced their budget did so because they felt they had a need to do that. The problem rests solely with the fact that we didn't indicate that. We indicated it was property tax relief. That is what the public expected. This body sells promises. We don't sell anything other than promises. We pass bills and those promises are formulated in the way of bills, which we stand here and we believe very frequently, if not always, individually and certainly collectively that the passage of a certain act is going to address a problem in a certain way with a certain result. And when those promises are not fulfilled, the public gets upset as they should, and that is the problem which was contained in LB 98. So I cannot argue that it failed. It only failed to do what we advertised it to do as opposed to how it may or may not have been used, but I strongly support the motion to bracket for a variety of reasons. Reference has been made a number of times about receipts being softened and there is no doubt about that. As a matter of fact, most of the figures you have seen or hear talked about, at least, would clearly indicate, the receipts through December, that probably about the best you can anticipate in available revenue without a tax increase is about the number that this amendment will cost to fund for the next year, 40, 42 million, I would guess is about all there is going

to be when the receipts start and they may be less than that, if the receipts continue to decline. But the point is, we cannot make that determination at this point until the advisory board on the projections meets, which is roughly the 20th of February, as I recall, that week, at least. Then we will have revised numbers. Finally, I strongly would disagree with those who suggest that we should just go ahead and advance the bill. If the revenue side works, as it is likely to work, then the first bill, first in time and one that fits may be the only game in town, as someone said earlier this morning. I would urge that we make no movement off of General File as important an issue as revenue and state aid to local governments are in the hopes that some how or other it is all going to get tied together before it gets to Final Reading. How many times that does not work I can't count on my hands and feet, and all of the rest of your hands and feets in the years I have been here because it very frequently does not, and I can't think of any issue that is more pressing than to provide some property tax relief equitably for people across the state.

SPEAKER BARRETT: One minute.

SENATOR WARNER: And I can't think of any issue but what all those things need to be contained essentially in a single bill. You had better retain all those pieces of the puzzle on General File, rather than let this one little piece go until after those projections are made.

SPEAKER BARRETT: Thank you. Additional discussion, Senator Nelson.

SENATOR NELSON: Yes, I, too, support the bracket motion until February 28th or, in fact, I don't even know as I can support the bill at all even with the bracket. I feel like it is entirely too early in the session to try to say that we are proposing one part over another part. We have many, many issues out there and many, many concerns in the school. I somehow am like Senator Chambers, the fox and the chickens, only maybe hope five or six or seven, eight, ten chickens might wise up and speak up because I do look at this as a sleeper and I don't see how that we can possibly even feel that we have enough knowledge right now on the tax projections and the budget to even take action on a bill like this. I might remind you that if it doesn't rain between now and the first of March or the first of April, we will probably be going in reverse, the 40, 50 million

dollars, very, very rapid. I heard this morning where the drought last year was figured that it cost Nebraska \$40 billion. That is a lot of money and, again, that is \$40 million, not billion, and, again, I think that we need to be very, very careful. I spoke to a machinery dealer this morning. He said, Arlene, I have not sold anything for nine months, and unless things change in Nebraska, I don't see much improvement in the next nine months. So I think we should move with caution. Thank you.

SPEAKER BARRETT: Senator Moore. Senator Labedz, further discussion?

SENATOR LABEDZ: Call the question.

SPEAKER BARRETT: The question has been called. Do I see five hands? Do I see five hands to cease debate? Yes, I do. The question is, shall debate close? Those in favor vote aye, opposed nay. Please record.

CLERK: 26 ayes, 0 nays to cease debate, Mr. President.

SPEAKER BARRETT: Debate ceases. Senator Moore, would you like to close on your motion.

SENATOR MOORE: Yes, Mr. Speaker, and members of the body, you know, as we stated earlier this morning, this is the first of what we are all sure will be many chapters in the whole book of property tax debate this session, and the fact of the matter is the reason 28, February 28 was selected primarily was for the reason that Senator Warner and others have stated is that is sometime after the Forecasting Board would come in and give us some...what would be the final numbers that we do all of our spending decisions this session. That is why February 28, and that is why I, myself, would not concur with the notion of setting the date February 3rd, so that is why it is important to me it is the 28th. But in many ways, you know, that is just one issue of why I put the bracket motion. More importantly is the fact of the matter, as I said in my opening, is at what point in this session are we going to breakdown and get into a bitter rural-urban battle of what we are going to do. Now the fact of the matter, even though it was done over Senator Warner's objections, and he had some very good objections last year, the secret to success in this body last year is we put down the gloves, joined hands, and made something happen. And the

problem that I have with LB 747, even though I understand the timing issue, why it may be an opportune time to do this, I do not think it is a good time. I don't think will there ever be a good time where you just abandon the issue of compromise and move ahead with something that is...you know, we all know there is two different sides of the story. Senator Chizek likes homestead exemptions. Senator Lamb likes a percentage. Now, just like, well, you know the Governor quoted scripture yesterday, and if I may, you know, use a quote that LBJ used, Isaiah 1:18 said, come now and let us reason together sayeth the Lord. Senator Chizek, Senator Hall, obviously, you don't want to reason except unless it is in strength. That is why you don't want a bracket motion. That is why you want 747 up on Select File. And for the rest of us, that if you are opposed to that notion and think it would be fair that if we all sit as equal partners and all cut a deal that we can all live with, and all join hands with at some point in time, you had better adopt the bracket motion now, or I think, or my concern is if you don't bracket the motion, you start the battle right here today that will last for the remaining 56 days of the session. And I guess I came to this session with way too many hopes that something would be done to have it all disintegrate here today really on the committee amendments. I would like to avoid getting that committee amendment vote, bracket the bill, keep us all on equal terms, keep us all working together to make something happen. Because if you don't, if you don't, who knows what is going to happen, but my concern is that it will disintegrate into what it always has the last 20 years, a giant confrontation that nobody wins in. For that reason, I ask the body to support the bracket motion to February 28.

SPEAKER BARRETT: Thank you. The question before the body is the motion to bracket LB 747 until February 28. Senator Hall.

SENATOR HALL: A roll call vote.

SPEAKER BARRETT: Requesting a roll call vote.

SENATOR HALL: Yes.

SPEAKER BARRETT: Are you asking for a call of the house, Senator Hall?

SENATOR HALL: No, I am not.

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LB 534, 747, 840, 843, 845, 895, 911  
913, 935, 960, 1014, 1060

SPEAKER BARRETT: Senator Haberman.

SENATOR HABERMAN: Mr. President, I request a call of the house.

SPEAKER BARRETT: A call of the house has been requested. Those in favor of the house going under call please vote aye, opposed nay. Record, please.

CLERK: 26 ayes, 1 nay to go under call, Mr. President.

SPEAKER BARRETT: The house is under call. Members, please return to your seats and record your presence. Those outside the Legislative Chamber, please return. Senators Ashford and Lindsay, Senators Chambers and Scofield, the house is under call. Senators Chambers and Scofield, the house is under call. Senator Chambers, please check in. All present and accounted for. Request for a roll call vote and the question again before the house is the adoption of the bracketing motion. Mr. Clerk, proceed with the roll call.

CLERK: (Roll call vote taken. See pages 235-36 of the Legislative Journal.) 25 ayes, 16 nays, Mr. President, on the adoption of the bracket motion.

SPEAKER BARRETT: The ayes have it. LB 747 is bracketed to a day certain. The call is raised. Any bills to read in, Mr. Clerk.

CLERK: Yes, sir, I do. Mr. President, new bills. (Read for the first time by title: LB 1060. See page 237 of the Legislative Journal.)

Mr. President, I have notice of the Education Committee for the week of January 16, and again for January 22 and 23. That is offered by Senator Withem. (Re: LB 845, LB 935, LB 1014, LB 843, LB 895, LB 960, LB 913, LB 840, LB 911.) That is all that I have, Mr. President.

SPEAKER BARRETT: Thank you. Proceeding then to item seven on the agenda, 1989 Speaker priority bills beginning with LB 534, Mr. Clerk.

CLERK: Mr. President, LB 534 was a bill introduced by Senator Withem and Senator Barrett. (Read title.) The bill was introduced on January 18 of last year, at that time referred to