

other agricultural land today based on an economic return of about 9½ percent which means that other agricultural land will probably be valued at about 50 percent of what we are valuing school land for purposes of calculating out the in lieu of tax. So it seemed to me as I listened to the testimony that we are deliberately overvaluing school land for purposes of calculating the in lieu of tax. That was the first thing I learned. And the second thing I learned was how we ever arrived at the 143 percent figure to begin with, and that is really just as I understand it a matter of oversight. At one time we used to set our assessed valuation of property at 50 percent of actual value, and then in the 1950s the Legislature statutorily reduced the 50 percent to 35 percent. You remember that, we all used to pay...we all used to say we have got our tax statements, our assessed valuation was 35 percent of actual value. When that change was made in the 1950s, however, going from 50 percent of assessed value...I am sorry, 50 percent of actual value to arrive at assessed value, from 50 percent down to 35 percent, the Legislature forgot to change, it simply forgot to change the figure in the in lieu of tax statute from 50 percent to 35 percent. So for years and years and years in terms of calculating valuation of school lands for the in lieu of tax purposes we calculated it at 50 percent of actual value even though all other property was being assessed at 35 percent of actual value. Well then when Senator Warner's bill passed and we converted from the mills to cents figure, Senator Warner engaged in the same oversight that we engaged in back in the 1950s. He forgot to touch this particular statute. So this statute said, for in lieu of tax purposes we will value....

PRESIDENT: One minute left, Senator.

SENATOR V. JOHNSON: ...school land at 50 percent of its actual value, when in reality under the true Warner conversion formula they should have gone to 100 percent of actual value. However, to perpetuate a 1950s type of error we simply decided to make it 143 percent of actual value. Now my opinion is we simply do what is the right thing which is to make it 100 percent of actual value and it then conforms to all other valuation of property. Now, that does result...that does result in an economic change to those portions of Nebraska that have substantial amounts of school land, and it obviously is a painful change. I do not know the numbers of dollars that will be involved with this kind of a change. I don't think that ever came out in the course of our study, Senator Kahle, but I think that we ought to make the change and simply get the job done.

PRESIDENT: The Chair recognizes Senator Higgins.