

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

May 24, 2001

LB 600

roughly the size of the teacher salary bill. I don't know that, but it's about that...it's going to cost the state about that amount of money. It's going to cost about a quarter-cent sales tax. We probably ought to have a quarter-cent sales tax in this bill because that's about what it costs. In fact, that probably would be a legitimate amendment to make on General File, and let me tell you where that comes from. This bill is going to revalue, according to its methodology, \$23 billion of agricultural land. Those \$23 billion of agricultural land pay about \$350 million of taxes every year. This methodology, to the best that staff can guess, will have about a 16 percent effect. That's going to be about a \$50 million effect, and it's going to be a downward effect. Generally speaking, although you could have some ag land that might pay more, that's very speculative, we will get about \$300 million in ag land instead of \$350 million. And what we do under the state aid formula now is make up the difference by state funding. If we take our resources down 50 million bucks locally, our state aid formula says the state comes up with the difference. Senator Wehrbein I bet would acknowledge that which means we come up with a quarter-cent sales tax to pay for this. Understand that you're voting for a quarter-cent sales tax if you're voting to advance the bill today because that's what it's going to take to pay for this bill under what we normally do. And maybe you're prepared to do that. And by the way, I think a number of us are. I think a number of my rural colleagues would very much like to make that transfer. They wouldn't do it for teacher salaries, but they would do it for lowering ag land valuation and I would understand that. I might do that on certain days if I had greater confidence in this system. Here's my problem with the bill as written or a couple of them. One, there's a single cap rate, and I say this as a person who passed a bill with a single cap rate in it. However, it got struck down by the Supreme Court, and it got struck down because the cap rate wasn't sensitive enough to accurately reflect the values of land. Single cap rate couldn't do that. As a matter of fact, we've got Bruce Johnson out there at the agriculture institute who does a farm real estate markets development every year and his page of cap rates is this page. It isn't a single cap rate. Every one of these is a cap rate. Now this is a historical from 1990 to 2000, but in 2000 he outlines 3, 6, 9, he outlines 27