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Revenue Committee  
January 25, 2013

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[LB28 LB29 LB36]

The Committee on Revenue met at 1:30 p.m. on Friday, January 25, 2013, in Room 1524 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB36, LB28, and LB29. Senators present: Galen Hadley, Chairperson; Paul Schumacher, Vice Chairperson; Tom Hansen; Beau McCoy; Pete Pirsch; and Kate Sullivan. Senators absent: Burke Harr and Charlie Janssen.

SENATOR HADLEY: Good afternoon. My name is Senator Galen Hadley from Kearney. Welcome to the Committee on Revenue. To my left is Senator Schumacher from Columbus; to his left will be Senator Pirsch from Omaha; and to Senator Pirsch's left is Senator Sullivan from Cedar Rapids; and to their left is Bev...Barb, Barb Koehlmoos, our clerk for the day. Our clerk's wife had a baby, so he's taking a few days to try and get that straightened out. (Laughter) On my far right is Senator Burke Harr, who will not be here today, I believe. And then next to Senator Janssen from Fremont is Senator McCoy from Omaha, and then Senator Hansen from North Platte. Our committee counsel is Mary Jane Egr Edson, and Bill Lock is the research analyst, and he is not here. Our pages are Nathan from Norfolk. Appreciate that. Turn off cell phones or turn on vibrate while in the hearing room. The sign-in sheets for testifiers are on the tables by both doors and need to be completed by everyone wishing to testify. If you are testifying on more than one bill, you need to submit a form for each bill. Please print and complete the form prior to coming up to testify. When you come up to testify, hand your testifier sheet to the committee clerk. There are clipboards on the back of the room to sign if you do not wish to testify but would like to indicate your support or opposition to a bill. These sheets will be included in the official record. We will follow the agenda posted on the door. We have changed the agenda. Senator Wightman has to testify in another committee, so we are going to take him first. Only the introducer will have the opportunity for closing remarks. As you begin your testimony, state your name and spell it for the record. If you have handouts, please bring ten copies for the committee and staff. If you only have the original, we will make copies. Give the handouts to the page to circulate to the committee. With that, Senator Wightman, since this is my first official bill that I get to chair the committee, we expect this to take about four-and-a-half to five hours. (Laughter) So I hope you don't have any plans for tonight.

SENATOR WIGHTMAN: (Exhibit 1) And that's fine, because I'm ready for the first four to four-and-a-half minutes, and I might be stretching that. Good afternoon, Senator Hadley and members of the Revenue Committee. For the record, my name is John Wightman. LB36 provides that the documentary stamp tax is not involved on any certified or authenticated death certificates filed with the register of deeds. There's been a lot of question out in register-of-deed land as to whether this should have or should not have been taxable when LB536 was passed. It was passed in 2012 and required a death certificate to be filed with the register of deeds to document the transfer of title to the beneficiary of a transfer on death deed to a surviving joint tenant or joint tenants or

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to a holder of an interest in real estate as a result of the death of a live tenant. That has never been taxable before. My bill I think, LB536, probably shouldn't have been included to ever said...and there is no reference that it would be subject to that tax. So the counties are very confused at this point and about 90 percent are not charging a tax. Some of them are calling all the attorneys of record to see if they should be charging a tax, and it's very confusing out there in register-of-deeds land. So the exemption from the documentary stamp tax in LB536 expressly only included the filing of death certificates relating to transfer on death deeds. Before, that had never been charged on death certificates. The intent of LB36 is to correct an unintended interpretation of law concerning the need to collect a documentary stamp tax in connection with the filing of death certificates for other purposes. It was not intended as a result of that legislation that the documentary stamp tax would apply to the filing of such death certificates in connection with changes to joint tenancies or termination of life estates. Importantly, the applicability of the documentary stamp tax has already been determined and paid, if necessary, when a transfer on death deed or deed creating a joint tenancy or life estate was filed with the register of deeds. Passage of this bill ensures the documentary stamp tax is not imposed a second time on the same transaction. Also, I would request and have an amendment to attach the emergency clause because there's a great deal of confusion right now out among register of deeds of whether they should be charging that stamp tax, and I personally have had calls on that as an attorney, not as a state senator, although I mention myself as both in those situations. This concludes any prepared testimony, but I would be more than happy to answer any questions that any of you have, or at least try to. [LB36]

SENATOR HADLEY: Senator Pirsch. [LB36]

SENATOR PIRSCH: What you're essentially doing in your...well, unless there's some additional language here maybe I'm missing that you handed out, but in the green copy of your bill, you're just simply striking six words on line 6 of page 4. Is that the extent? [LB36]

SENATOR WIGHTMAN: That's correct. [LB36]

SENATOR PIRSCH: And you said there was...does that clear up the issue? You said there was some confusion with respect to whether it would apply to other types of instruments, you know, joint tenancy, I think, were... [LB36]

SENATOR WIGHTMAN: No. Death certificates are filed for different reasons with the register of deeds, and they've never been included before, but somehow it got inserted in my bill, I might add, got inserted in there and was not taken out. And then the register of deeds had a lot of questions as to whether now all death certificates ought to be filed, and they were...some of them charging it, most of them not. We understand that Lancaster and Douglas County were not charging it. So, oh, there may be something

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out that this is going to cost a lot of money to the register of deeds. It's only costing to a very few of those that maybe have been incorrectly taxing them. [LB36]

SENATOR PIRSCH: Yeah. But the death certificates which...there was some confusion about whether or not those should be also required for other type...other than transfer on death deeds, but that's not a matter that's being addressed, is it, through the strike-through language? That's just a clear matter that...a different matter that there was... [LB36]

SENATOR WIGHTMAN: A clear matter that they're already...that they're... [LB36]

SENATOR PIRSCH: ...seeking interpretation...right. [LB36]

SENATOR WIGHTMAN: Right. But because death certificates got filed here...got mentioned here, then that's created a...since it took one provision out, then there was all of a sudden a question as to whether all other death certificates ought to be taxed. So all we're doing is getting rid of the word "death certificate." And we are adding, as I suggested as I read this...or requesting that we add the emergency clause to that because it's creating a lot of confusion out in register-of-deed lands. [LB36]

SENATOR PIRSCH: Um-hum. And we created these transfer on death deeds just out in the last couple of years or so. Are they being... [LB36]

SENATOR WIGHTMAN: There were a lot of them filed but nobody was ever being charged on them... [LB36]

SENATOR PIRSCH: Yeah. [LB36]

SENATOR WIGHTMAN: ...and then we made a specific statement in a bill that I mentioned that was passed by a 36, or whatever it was, that it would not be charged on that particular death certificate. So now all of a sudden everybody is wondering if all other death certificates should have been charged the revenue stamps. [LB36]

SENATOR PIRSCH: Okay. Thank you. [LB36]

SENATOR HADLEY: Senator Schumacher. [LB36]

SENATOR SCHUMACHER: Now I'm a little confused in Senator-Schumacher-land, but I hope I can straighten it out. (Laughter) So the exemption on page 4, line 5, number (17), that we added last year in your bill on transfer of death deeds... [LB36]

SENATOR WIGHTMAN: Correct. [LB36]

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SENATOR SCHUMACHER: ...there was nothing ever said before that about death certificates? [LB36]

SENATOR WIGHTMAN: That's correct. [LB36]

SENATOR SCHUMACHER: Okay. So we put it in and now we're just taking out the part about death deeds and leaving in... [LB36]

SENATOR WIGHTMAN: Right. [LB36]

SENATOR SCHUMACHER: ...the thou shall not charge on death certificates? [LB36]

SENATOR WIGHTMAN: Right. That's correct. [LB36]

SENATOR SCHUMACHER: I think I see the light, Senator. Thank you. [LB36]

SENATOR HADLEY: Other questions for Senator Wightman? Senator Sullivan. [LB36]

SENATOR SULLIVAN: Thank you, Senator. And thank you, Senator Wightman. Just to clarify, in this period of confusion, you said that probably Lancaster and Douglas Counties haven't been charging. Do you know, have any counties been charging? [LB36]

SENATOR WIGHTMAN: Have other counties? [LB36]

SENATOR SULLIVAN: Been charging? [LB36]

SENATOR WIGHTMAN: I think they have charged in cases where attorneys didn't object to it. I've had some of them call me because we haven't sent the amount for documentary stamps on those situations. So it's well possible that some of them have charged. We don't know that. [LB36]

SENATOR SULLIVAN: And there won't be any fallback on the counties that have been charging if we enact this legislation. [LB36]

SENATOR WIGHTMAN: Well, that's part of the reason we're putting the emergency clause in. [LB36]

SENATOR SULLIVAN: Okay. [LB36]

SENATOR WIGHTMAN: We would hope that some of those counties might go back, but there could be. I'm not ruling that possibility out, Senator Sullivan. [LB36]

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SENATOR SULLIVAN: Okay, okay. [LB36]

SENATOR HADLEY: Senator Pirsch. [LB36]

SENATOR PIRSCH: I just have kind of a side question, which is, how frequent are these transfer on death deeds? Are they being utilized at all significantly? [LB36]

SENATOR WIGHTMAN: Well, they're going to be used a lot more because we just passed some legislation... [LB36]

SENATOR PIRSCH: Yeah. [LB36]

SENATOR WIGHTMAN: ...I don't know whether it was a year ago, I think it was just a year ago, that made that a possibility of avoiding a will. And so I think we're going to see more and more of those. [LB36]

SENATOR PIRSCH: Right. [LB36]

SENATOR WIGHTMAN: And the fact is that those don't actually transfer the property at the time of the death anyway...at the time of the death they do, at the time you give the deed, because you can still revoke it at any time after that until you die, and then obviously you're kind of limited. (Laughter) [LB36]

SENATOR PIRSCH: If you can come up with a way to revoke that after you die, let me know, and I'd be very interested for that in my practice, but... [LB36]

SENATOR HADLEY: Any other questions? Thank you, Senator Wightman. [LB36]

SENATOR WIGHTMAN: Thank you. [LB36]

SENATOR HADLEY: Are you going to stick around for closing or... [LB36]

SENATOR WIGHTMAN: Well, I don't know how many others. [LB36]

SENATOR HADLEY: Okay. [LB36]

SENATOR WIGHTMAN: I've got another committee hearing, so... [LB36]

SENATOR HADLEY: Yeah. We understand. Are there further proponents for the bill? [LB36]

JIM LAMPHERE: Mr. Chairman, members of the committee, my name is Jim Lamphere and I am...it's L-a-m-p-h-e-r-e, I'm with the Nebraska Land Title Association. I'm also a

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member of the bar association's title standards committee. Until LB536 passed, there was no legislative requirement, statutory requirement, to file a death certificate. But the title standards have for years required filing of death certificates on the termination...on the death of a joint tenant or a holder of a life estate. We all watched LB536 very carefully last year, and there was a lot of discussion about transfer on death deeds. Nobody saw this section being added to the real estate section requiring...making a statutory requirement for the filing of this. And then when we did see it, no one thought that implicated the documentary stamp tax. Late this fall, there was a bulletin or a direction from the Department of Revenue indicating that transfer taxes should be collected unless there's a specific exemption. There was no exemption for death certificates other than those filed after the...to document the death of a grantor in a...or transfer on death deed. And, by implication, the department felt that meant that all other death certificates should be subject to the tax. That had never been the case before. Documentary stamp taxes are imposed on a grantor of a deed. And in this case, you know, the death, it's hard to see how that constitutes a grant. As Senator Wightman said...indicated, these deeds, when the joint tenancy relationship or the life estate relationship was created, there was a documentary stamp tax paid at that point. So we as an association feel that this is double taxation. And so we worked with Senator Wightman to have that limitation, that the exemption apply only to transfer on death deeds...certificate...death certificates filed after transfer of death deeds, be opened up, broadened, so that it included all death certificates. I can speak to Lancaster County because I've talked to the register of deeds at Lancaster County. They've got this bulletin from the Department of Revenue and as of January 1, they have indicated, unless some other exemption under the doc stamp rules apply, they are going to charge documentary stamp taxes. I can tell you, from a practical matter, several very clever attorneys have already figured out a way around this doc stamp. But it's just not good public policy to be doing work-arounds rather than following the title standards as they were drafted. So with that, I mean, if you really want to take four hours, Senator Hadley, I can keep going. (Laughter) But I think I've made my point. [LB36]

SENATOR HADLEY: No, Mr. Lamphere, we...I think we're getting the gist. [LB36]

JIM LAMPHERE: Okay. Any questions? [LB36]

SENATOR HADLEY: Are there questions for Mr. Lamphere? Senator Schumacher. [LB36]

SENATOR SCHUMACHER: Thank you, Mr. Chairman. As we're talking here, I just wanted to...a question came up in my mind regarding doc stamps. Do they pay the doc stamps, then, when they file the transfer on death deed? Is that when they pay it? [LB36]

JIM LAMPHERE: You know, I have not handled one. I talked to a couple of attorneys

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who have done one, and as an industry, the title industry is kind of staying away from transfer on death deeds because they're not really the same as a regular transfer. I don't know the answer to that, Senator Schumacher. I do know that there is no other instance when a transfer is made after the death of a party where doc stamps are collected. There is an exemption for a deed of distribution. There's now an exemption for a transfer on death deed. It doesn't make sense that there wouldn't be an exemption when there's a termination of a joint tenancy or a life estate. [LB36]

SENATOR SCHUMACHER: Because I'm wondering if we have a situation where they pay doc stamps when they file it, and then maybe this thing is on the books for 10, 15 years. Well, they're actually making the transfer for kind of a discounted value, because, unless land goes the other direction, land seems to be appreciating. And then if they unfile it, because you can undo one of these things, right? [LB36]

JIM LAMPHERE: Yes. You can revoke them, you can revoke them. [LB36]

SENATOR SCHUMACHER: And so when you undo it, I mean, are you still out your doc stamps? [LB36]

JIM LAMPHERE: I don't know whether the doc stamps are paid when you file the transfer on death deed or not. I do know there's a specific exemption for the filing of the death certificate after the transfer on death deed. [LB36]

SENATOR SCHUMACHER: You know, that's something maybe we can look at. Thank you. [LB36]

JIM LAMPHERE: Okay. [LB36]

SENATOR HADLEY: Other questions? Senator Sullivan. [LB36]

SENATOR SULLIVAN: Thank you, Senator Hadley. And just to follow up on the question that I asked Senator Wightman, and then based on what you just said, if the department issued, Department of Revenue, issued this interpretation that a tax could be charged, those counties that have charged it or will even charge it now...and yet then if we pass this legislation, they'll...nothing will probably fall back on them, because they're following this current ruling. [LB36]

JIM LAMPHERE: I think they're following the interpretation made by the Department of Revenue. [LB36]

SENATOR SULLIVAN: Yeah. Right. [LB36]

JIM LAMPHERE: I don't know that you could ask for the documentary stamp tax back.

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[LB36]

SENATOR SULLIVAN: Yeah. Okay. [LB36]

JIM LAMPHERE: I really don't. [LB36]

SENATOR SULLIVAN: Okay. [LB36]

JIM LAMPHERE: Other questions? [LB36]

SENATOR HADLEY: Thank you, Mr. Lamphere. [LB36]

JIM LAMPHERE: Thank you. [LB36]

SENATOR HADLEY: We appreciate it. Any other proponents? [LB36]

JON EDWARDS: Good afternoon, Chairman Hadley, members of the committee. My name is Jon Edwards, J-o-n E-d-w-a-r-d-s. I'm here today representing Nebraska Association of County Officials. We are here today in support of LB36. Wanted to try to have a register of deeds here today to kind of be able to walk you through any sort of technical questions you have, but obviously we weren't able to accomplish that today. So I think you've heard that...as much as we can, the technical pieces of what happens here. I would only say, add to that, we have worked with Senator Schumacher through this...or, I'm sorry, Senator Wightman through this process on LB...on his transfer on death deed bill. And through that process, there were a lot of technical adjustments that needed to be made, and you can't catch them all, and I think this ended up being one impractical application, and, as such, we would certainly support making this change in order to keep all of these transfer tools on the same level in terms of how the doc stamp is actually applied. So we would certainly support this change. [LB36]

SENATOR HADLEY: Are there questions for Mr. Edwards? Senator Hansen. [LB36]

SENATOR HANSEN: I have one. Mr. Edwards, it's pretty well known that the only things in life that are certain is death and taxes. [LB36]

JON EDWARDS: Yes, sir. [LB36]

SENATOR HANSEN: If you eliminate this tax, I think you're going on the right road. (Laughter) [LB36]

JON EDWARDS: Won't happen every time but we're here today to...thanks, Senator. [LB36]

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SENATOR HADLEY: Senator Pirsch. [LB36]

SENATOR PIRSCH: So the doc stamp would be paid at the filing...I'm sorry, time of filing, right? Is that... [LB36]

JON EDWARDS: That's my understanding, Senator Pirsch, but again not having ever done this, but that's my understanding. [LB36]

SENATOR HADLEY: Okay. Any other questions? Thank you, Mr....oh, I'm sorry. Senator Schumacher. [LB36]

SENATOR SCHUMACHER: Well, now I'm back in "confusedland," because I thought I had it...I read just a little bit farther in here, and it said, transfer...one of the exemptions, (16), "Transfer on death deeds or revocations of transfer on death deeds," there's no fee, no documentary stamp tax. So would that be, probably, more accurate than what you just said? Apparently, when you file one of these, there's no doc stamps because it's kind of a transfer in lieu of probate. [LB36]

JON EDWARDS: Right. Yeah. I think that's probably correct. But, again, the technicality of that, I'm...and we can certainly, we'll get some information to you on exactly how that process works, if you'd like us to do that. [LB36]

SENATOR SCHUMACHER: I think the statute is pretty clear: the one above here that says there's no tax going in or going out of one of these things. [LB36]

JON EDWARDS: Okay. We'll double-check that. [LB36]

SENATOR SCHUMACHER: Okay. Thank you. [LB36]

JON EDWARDS: You bet. [LB36]

SENATOR HADLEY: Other questions? Thank you, Mr. Edwards. [LB36]

JON EDWARDS: Thank you. [LB36]

SENATOR HADLEY: Are there further proponents? Are there opponents? Is there anyone here in the neutral? Seeing none, Senator Wightman, would you like to close? [LB36]

SENATOR WIGHTMAN: Well, Chairperson Hadley, I normally don't close on these things, but I thought, with all the confusion, maybe I should. You know, first of all, this whole idea of filing transfers on death as a separate deed has just occurred. It actually was passed last year but did not become effective until January 1 of this year. Again,

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we probably do need to do some study on how many of them were taxed, whether...how many actually instituted the tax. I can't believe very many lawyers out there paid this without raising a real question as to whether it should be due. And we've had it come up with register of deeds. So I think that probably it has come up with others. How many times it's been charged...I don't know that a lot of this has been used yet, as I said. It's a new situation that was supposed to save a lot of money for people who didn't want to go to an attorney and have the deed drawn or probate an estate mostly. And so it's a little difficult to know how many have been filed at the present time; of course, it always would be, but here it being a completely new provision, I don't think anybody would have a real good idea of that without checking with county...or county register of deeds throughout the state. So I think the best we can do is pass this. If something comes up, you know, I may visit with some of you and even suggest, maybe, that it be broadened to make sure that there would be some way of paying the money back on cases where it's been charged. I'd have to do some research on that, and I don't know. But it is creating a lot of confusion out in register-of-deeds land, I can tell you that. [LB36]

SENATOR HADLEY: Senator Pirsch. [LB36]

SENATOR PIRSCH: Just out of...do you remember what the dollar-value cutoff is for transfer on death deeds? In other words, your estate, it can't be larger than a... [LB36]

SENATOR WIGHTMAN: I don't think there's a limit on the size. I don't recall if there was, Senator Pirsch. I think you could do it on any, as a practical matter. I think people that are giving away a million-dollar farmland are probably not going to use that. They're probably going to have a will anyway. [LB36]

SENATOR PIRSCH: Right. [LB36]

SENATOR WIGHTMAN: But that's not for sure that that happens. I guess somebody could try to do that. There was a lot of confusion after this was put in place as to how often it would actually be used, because there are a lot of provisions that...the bill that I originally carried had a lot of changes on after we did it. And so...and it required notary publics, and I can't remember, but it required a number of things as a result of the committee work and passing the bill out, so I don't think it's being used a lot, but I'm sure it is being used. Probably being used on relatively small real estate values, homes, not so much on farms, I would guess, but I don't know that. [LB36]

SENATOR PIRSCH: Thank you. [LB36]

SENATOR HADLEY: Any other questions? Thank you, Senator Wightman. [LB36]

SENATOR WIGHTMAN: Thank you. [LB36]

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SENATOR HADLEY: (See also Exhibit 4) With that we will close LB36, and we will now go to LB28, which is mine. Senator Schumacher, you're in charge again. You notice how nice I treated Senator Wightman, so just remember that. (Laughter) [LB36]

SENATOR SCHUMACHER: Will do, Captain Kirk. Let's open the hearing on LB28. Senator Hadley. [LB28]

SENATOR HADLEY: Vice Chairman Schumacher, members of the Revenue Committee, my name is Galen Hadley. I represent the 37th District, and it's always nice to be in front of the Revenue Committee. I am bringing this bill on behalf of NACO. And it's basically a bill that just changes a date that is used for a penalty on personal property tax returns. And the primary reason for bringing this bill, and I'm not going to go into a great deal of detail because there is going to be someone from NACO that will walk through the steps. But the primary reason is just to give the, I believe it's the county clerk more time, or the assessors, to just basically get their job done and get the lists that are necessary. So it's merely a change in the date to make that government more efficient at the county level. [LB28]

SENATOR SCHUMACHER: Any questions for Senator Hadley? Seeing none, thank you, Senator. Any proponents of LB28? [LB28]

MARILYN HLADKY: (Exhibit 2) Good afternoon, Senator Schumacher and members of the Revenue Committee. My name is Marilyn Hladky, H-I-a-d-k-y. I'm the Seward County Assessor, and I'm here today representing Nebraska Association of County Officials and the Nebraska Association of County Assessors. As Senator Hadley said, LB28 would just change a filing date for the late personal property filings. In Nebraska, all tangible personal property used in businesses and agriculture is subject to taxation. And that would be things like business equipment, furniture, fixtures, agriculture equipment, and so forth. Assessment date is January 1 of every year, and the filing deadline is May 1. After May 1, a 10 percent penalty is applied, and then after August 1, there's a 25 percent penalty applied. The assessors are requesting that the August 1 date be changed to July 1 for this following reasons: On August 10, the Tax Equalization and Review Commission sets the equalization rate for the real property of the centrally assessed, for the railroads and the public service companies. The Property Tax Administrator certifies those values out to us, which we have to put in our computer system in preparation for certifying value. Then on August 20, we have to certify our county's value by political subdivisions to them, and that information is used in their budgets for setting tax rates. By August 25, the assessor certifies the school district taxable value report to the Property Tax Administrator, and that report with that value is used in the formula that sets state aid back to school districts. So because these reports all come due in a relative short amount of time, the assessors would like to see that personal property date for the August 1 changed to July 1 so that our schedules can be finalized in advance of preparing for these other major reports that I mentioned. And this

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still gives individuals and businesses six months to file their schedules. And kind of in relationship to time frames, individuals that file homestead exemption have five months, from February 1 to June 30. And then, I believe, if it wasn't last year, it was the year before, we had the law changed when an exempt...a property that converts to exempt use can file for that exemption. That used to be August 1, and that was changed also to July 1. So this is just kind of keeping in some uniformity with some dates. So I thank Senator Hadley for introducing this for us, and I'll be happy to answer any questions if I can. [LB28]

SENATOR SCHUMACHER: Senator Pirsch. [LB28]

SENATOR PIRSCH: Thanks. So the...with respect to those dates by which the assessor certifies taxable valuation and growth, which is August 20, August 25, assessor certifies school district taxable value reports, etcetera, those dates are staying the same, I take it. Is it...you're saying that the August 1 date should be...which, where it is now, where you would up to that date pay a 10 percent penalty, should be changed to July 1, which would have the effect of a 25 percent, a higher penalty, then, kicking in on July 2. Is that the effect of the bill? [LB28]

MARILYN HLADKY: Actually, it would kick in on July 1, because in the past... [LB28]

SENATOR PIRSCH: Okay. [LB28]

MARILYN HLADKY: ...the 25 percent kicked in on August 1. So this is just a...one month sooner. [LB28]

SENATOR PIRSCH: So it's just the penalties...I don't want to say penalty dates, but the rate of higher interest dates would kick up a month earlier, is essentially... [LB28]

MARILYN HLADKY: That's correct. [LB28]

SENATOR PIRSCH: And the idea is to encourage people to get them in a month earlier than they are now, right? Is that the gist of it? [LB28]

MARILYN HLADKY: Well, that's what we would hope. But, you know, you could have, if somebody, for example, didn't file and it was a late filing, and when we get ready, like, to certify this value, whether that affected the total county valuation high or low, we could come back and we'd be recertifying that value to the political subdivisions also. So it's just, hopefully, to get all these values finalized ahead of time. Now I will tell you that myself, I send out postcards the first of January already. Some counties will send the schedules to those properties, people, and businesses that have to file personal property. I actually have mine on-line, that you can file your schedules on-line. It's just a filing requirement that has to be done at that time. [LB28]

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SENATOR PIRSCH: Yeah. And I'm just trying to get the context. Nothing is changed in terms of, legislatively, the time frame. But what you're finding is, under the longstanding or the existing time frame, that it makes life entirely difficult for you in your position if there are people who play that brinkmanship up until the day because they know that the penalty doesn't switch to 25 percent until August 1, and so they're dillydallying. Right? I mean, is that it in a nutshell? [LB28]

MARILYN HLADKY: That's a good way to put it, yes. [LB28]

SENATOR PIRSCH: Right. So as a...could you kind of substantively kind of relate to me, is it a statewide problem? Does it affect certain areas more than others? And how significant of a problem is it? Is it minor, moderate, major? These...I think what you're saying is if some people dillydally to the last, after the point where we've already compiled our report or whatnot, because of the tight time frame, it can throw our results off. Is that accurate, that statement that I made or...? [LB28]

MARILYN HLADKY: Well, that's always a possibility. I honestly haven't really seen that, but, you know, you never know when that circumstance could happen, but...and I can't speak for a lot of the other counties, but I know when we get together at an assessor's workshop, this has year after year been one of our topics that, you know, we'd like just to get our personal property filed a little bit earlier and kind of get it out of the way. I don't know if it's a tendency that people want to procrastinate, because I think down at the...on the opposite end they know eventually they're going to get a tax statement on it. But that doesn't preclude them that they're not still going to get a tax statement, but whether they get one without the penalty or with the penalty follows with that time frame of filing. [LB28]

SENATOR PIRSCH: Um-hum. And how much...in percentage terms, how many of the filers fall within that...the area in which should be? Do you know? I mean, is it more like 3 percent, 10 percent, 20 percent, do you know? [LB28]

MARILYN HLADKY: I honestly can't give you a percentage. But, like, for Seward County I would say after the May 1 with the 10 percent, when that kicks in, I probably have maybe 400 to 500 people that haven't filed yet, out of my 1,800. And usually by the time that August 1 were to roll around, maybe somewhere in the 75 to 100. So we do...and it's because we make a lot of phone calls and we try to encourage people, you know, you're already in the 10 percent penalty category, you know. Why don't you somehow get this in and get that taken care of, and then the assessor's office will leave you alone, but... [LB28]

SENATOR PIRSCH: Yeah. So that helps, because it's maybe somewhere around 30 percent and then falls down to, August 1, maybe 5 percent or 3 percent, rough ballpark.

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[LB28]

MARILYN HLADKY: Ballpark, yes. [LB28]

SENATOR PIRSCH: Okay. Thank you. [LB28]

SENATOR SCHUMACHER: Any other questions? I just have one question. Is there any...I mean, suppose I was one of these dillydallying taxpayers, because I'm so anxious to pay my property taxes and get that done. Am I going to get any warning that the game has changed? [LB28]

MARILYN HLADKY: Well, I know I certainly will let my people in my county know that, so...I mean, we, every time... [LB28]

SENATOR SCHUMACHER: And that's kind of discretionary with each assessor. [LB28]

MARILYN HLADKY: Yes. I mean, I advertise in the paper and that it's personal property and give those time frames, and we send postcards, we make phone calls, we send out additional letters of reminders. But that would be at each assessor's discretion. [LB28]

SENATOR SCHUMACHER: Will there have to be any forms reprinted or anything like that in order to implement this at the county level, with new deadlines or dates or something on it? [LB28]

MARILYN HLADKY: A form for this change? [LB28]

SENATOR SCHUMACHER: Yeah. [LB28]

MARILYN HLADKY: Well, personal property can actually be filed in the assessor's office on...I mean, the Department of Revenue has a form, so there could be a date on those instructions on the back of that form. [LB28]

SENATOR SCHUMACHER: I'm thinking I've seen something that says, warning, at a certain date, they'll come get you. [LB28]

MARILYN HLADKY: Yes. On the instructions, yes. [LB28]

SENATOR SCHUMACHER: I don't have any further questions. Anyone else on the committee? Thank you for your testimony today. [LB28]

MARILYN HLADKY: Okay. Thank you. [LB28]

SENATOR SCHUMACHER: Any other proponents? [LB28]

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JON EDWARDS: Good afternoon, Vice Chairman, members of the committee. My name is Jon Edwards, J-o-n E-d-w-a-r-d-s. I am here today representing the Nebraska Association of County Officials. We are here today supporting LB28 and certainly would like to thank Senator Hadley for introducing this legislation on behalf of NACO. As...I think Marilyn certainly did a good job of explaining from the assessor's perspective the issue involved and the desire to have this change made. I think this discussion has gone on quite awhile. The assessors have brought it to the NACO legislative committee, and the board took a look at that and voted to support this as part of the legislation. I mention that only to let you know it is part of NACO's legislative agenda this year and we would appreciate your favorable view on this bill and ask that you move it out of committee to the floor. And with that, I think I will just conclude my testimony. Thanks. [LB28]

SENATOR SCHUMACHER: Any questions from the committee? Senator Pirsch. [LB28]

SENATOR PIRSCH: And I'll just kind of ask that same...in Seward County, the assessor related that her experience had been about, "ballparkish," you know, and I'm not going to hold her to it or anything, but maybe, from what I thought I heard, about 30 percent of filers not getting it in by the original period, July 1, I think it is. And then an additional maybe up to around 5 percent or so not getting it in even by August 1. And so I guess that's...the whole thought of the bill is, you know, maybe if you speed up the time line, you know, the penalties, that would encourage people to get a jump on it faster. Is that approximately the figures that you--maybe you don't know--that are experienced in other counties in terms of those who don't meet the filing deadline, would you say? [LB28]

JON EDWARDS: Right. [LB28]

SENATOR PIRSCH: Or is it widely disparate throughout the state? [LB28]

JON EDWARDS: Yeah. I don't know, Senator Pirsch. I mean, I...we may be able to gather a little bit of information. We have not gone out and actually tried to make a distinct determination. We did have a bit of a conversation this morning with a couple of other assessors around the table as it related to just that very thing. And I asked that very question. What kind of a number are we looking at here? And I think Marilyn did a good job in relating it to her county. The other folks around the table just really didn't...you know, they really couldn't say for sure. It's not a large number, in their estimation. But a specific number, I just don't have that information. We could try to track a little bit of that down for you, but... [LB28]

SENATOR PIRSCH: Yeah. I'm just trying to get an idea of how big of a problem is this that you're asking us to solve for you, so... [LB28]

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JON EDWARDS: Yeah. Right. Yeah, I think, as a practical matter, it really speaks a lot to the process the assessors go through in terms of their time lines and their ability to fully execute their duties to the best of their ability without having other issues kind of delete that or dilute that to a certain degree. [LB28]

SENATOR PIRSCH: Yeah, yeah. [LB28]

JON EDWARDS: And it also kind of brings it into the time line of many of the other deadlines that are a part of the assessor's process right now, whatever that might be related to. So I think that's helpful, too, in bringing some uniformity to the process. [LB28]

SENATOR PIRSCH: Okay. Wonderful. Thank you. [LB28]

JON EDWARDS: You bet. [LB28]

SENATOR SCHUMACHER: Any other questions? Seeing none, thank you. [LB28]

JON EDWARDS: Thanks. [LB28]

SENATOR SCHUMACHER: Any other proponents on LB28? Anybody oppose LB28? Anyone neutral? Senator Hadley. Senator Hadley waives and goes on to LB29. [LB28]

SENATOR HADLEY: Vice Chairman Schumacher, my name is Galen Hadley. I represent Legislative District 37, and I'm here with LB29. Again, this is being brought on behalf of NACO. And it...when we did a bill last year, LB897, it was a good bill, but we just got a function going to the wrong person in the county offices. We have it going to the county assessor, this function, when it should actually go to the county treasurer. So this is basically a cleanup bill for a bill that we passed last year. And I'm sure there will be someone here from NACO to give you further information, but basically it's not the person that...we have the bill going to the wrong person now. [LB29]

SENATOR SCHUMACHER: Any questions for Senator Hadley from the committee? Seeing none, thank you, Senator. Any proponents of LB29? [LB29]

MARILYN HLADKY: (Exhibit 3) Senator Schumacher, members of the Revenue Committee, my name is Marilyn Hladky, H-l-a-d-k-y, and I'm here today on behalf of the Nebraska Association of County Officials and the Nebraska Association of County Assessors. I'd like to thank Senator Hadley for introducing this bill. As he stated, it's kind of a cleanup bill to fix the assessor's office doing the...a controlling account of taxes paid in the treasurer's office. So the tax list every year is completed annually by the county assessors, and then on or before November 22 we deliver that tax rolls to, or tax list, to the county treasurer office, whose responsibility then is to collect the taxes and perform

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those record-keeping and balancing procedures. So LB29 would change...would repeal 1615, which really talks about the controlling accounts. And language about the county assessor's preparing the tax rolls would be added to 1616, 77-1616. And then to 77-1710, that's where it would be added that the county treasurer maintains a record of the total taxes assessed and monthly total tax collection. So I ask for your support to revise these just so it reflects what we're currently doing out in our county offices. So thank you for your time and I'll be happy to answer any questions. [LB29]

SENATOR SCHUMACHER: Are there questions from the committee? Seeing none, thank you for your testimony today. [LB29]

MARILYN HLADKY: Thank you. [LB29]

SENATOR SCHUMACHER: Any other proponents? [LB29]

JON EDWARDS: Good afternoon, Vice Chair, members of the committee. My name is Jon Edwards, J-o-n E-d-w-a-r-d-s. I am here today representing Nebraska Association of County Officials in support of LB29. Again, NACO would really like to thank Senator Hadley for introducing this bill on behalf of NACO. And I won't take any unnecessary part of your time or your afternoon. Marilyn did a great job of explaining the need for this. It is a technical cleanup. It is part, again, part of NACO's agenda this year. We would ask that you move the bill out of committee to the floor and move it through the process, and appreciate your support. [LB29]

SENATOR SCHUMACHER: Any questions from members of the committee? Seeing none, thank you for your testimony. [LB29]

JON EDWARDS: Thank you. [LB29]

SENATOR SCHUMACHER: Any other proponents? Any opposition? Anyone neutral on the subject? Senator Hadley. [LB29]

SENATOR HADLEY: I'll waive my hour closing. [LB29]

SENATOR SCHUMACHER: Well, I think we're going to hold you to it. No. Thank you, Senator Hadley. Senator Hadley waives. That closes the hearing on LB29. [LB29]

SENATOR HADLEY: I believe that is the last of our bills for the day. I appreciate the committee's indulgence. And with that, we will close the hearings for the day. [LB29]