

(Start of Belt #13)

SPEAKER: The Legislature will please come to order and record your presence.

CLERK: Mr. President, Senator Schmit asked to be excused this afternoon. Senator Fowler asks to be excused at 2:30.

SPEAKER: Any objections? So ordered. Please record your presence. Have you all recorded your presence? The clerk will record. Senator Stahmer.

SENATOR STAHMER: Just for the point of information. I am passing out some material I received from the Revenue Department on valuation of the property. I thought it might be appropriate since we are discussing state aid, which ties in with taxes and real estate, et cetera, and I did not have time to initial them all. So I just want to announce that.

SPEAKER: The clerk will record.

CLERK: A quorum present, Mr. President.

SPEAKER: Now, we are on LB 172. Specifically, Senator Frank Lewis amendment to the Committee amendments. My Board up here is clear so if you wish to speak, please indicate. Senator Lewis.

SENATOR LEWIS: Mr. Chairman, I think everyone understands the gist of the amendment and what the purpose is and I'd move the adoption of the amendment.

SPEAKER: Senator Fowler. Senator Fowler passes. Now, is there any further discussion? Senator Whitney.

SENATOR WHITNEY: I will be very brief. Senator Stahmer has just passed out some sales assessment ratios for each county in the state of Nebraska and I'd like to point out that on the bases of equalization aid you take a county that has 16% sales assessment ratio, that means they are going to get, probably, oh, two, three, four times, maybe five times as much state aid as a county like out in Banner where it is 34%. The reason why it works out this way is that you set up first, an assumed need, so many dollars per pupil. Then, you subtract 12 mills, in the case of a K-12 school, you subtract 12 mills from.. I mean, you multiply first 12 mills times the assessed value. Now, if you only have your property assessed at 16% of actual value, then you have a very low deduction to deduct from the assumed need. Therefore, you are going to get a lot of state aid. But if you have your property assessed at twice as great a figure as that other county, then you have a tremendous deduction from the assumed need and that, in many cases, leaves you with a zero equalization aid and this is what the problem is with the whole equalization formula. It's the more equalization aid you have, the greater the incentive on the part of the County Assessors to keep the values low because that means they are going to get more state aid to education. And so, since we once had the property tax and got rid of it, and one of the reasons why we got rid of it was because we had a uniform levy throughout the state but some counties were levying their property at double what other counties were and it was an unfair tax. That is one reason why people got rid of it. Well, now, we are putting it right back in such that the County Assessors now will be wanting to keep the values just as low as possible because the greater the amount of equalization aid, the greater incentive for them to hold the values down. Therefore, any state aid to education based upon equalization formula simply is unfair because of the fact that some counties have their values twice as high as others in relation to