

March 6, 1979

LB 105

SENATOR CULLAN: Mr. President, members of the Legislature, LB 105 is one of two bills introduced in this session of the Legislature which deals with railroad taxation. I have asked the Pages to distribute to you a section by section analysis of LB 105 and that should be coming to you soon. These two particular bills, LB 103 and 105, resulted from an interim study conducted by a subcommittee of the Revenue Committee including Senators Newell, Keyes, Clark and myself and we developed two pieces of legislation. This one is mostly technical and cleans up, is a general cleanup of the statutes as far as railroad taxes are concerned. We could answer some of your questions, if you have them, about specific changes but most of the changes are to conform with the practices currently employed in the Department of Revenue relative to reporting procedures, dates of submission of information and that type of thing. There is one substantive change and one policy change that I believe exists in LB 105 which should be discussed and that is on page 8, in lines 8 through 12, we have amended the bill and the language on that page would read: Beginning January 1, 1980 and each third year thereafter, the Board shall recalculate all factors used in distributing value along the line. Currently in the system of railroad taxation that is used, the Department of Revenue is using information in excess of twenty years old relative to distributing the value of a railroad along the lines. That significantly affects where that value might be and I would suspect that the traffic patterns which is the information used to distribute that value, the traffic patterns have changed substantially over the last twenty years and that we must require the Department of Revenue to update that information annually so that it conforms with the traffic changes that occur in the railroad system. That change, I think, will have some effect on the way railroad funds are currently distributed because that information has not been used. It is hard for us to determine exactly what those effects might be but I think it is only good practice to require that at least periodically they update this information. That I believe is the only change in LB 105 which will actually affect the dollars and the changes in valuation from one particular rail line to the other. Again the rest of it I believe is of a technical nature in as far as reporting procedures and other things are concerned and I do not believe the rest of it will substantially affect the payment of taxes by the railroads or the taxation system. With that, I would be open to any questions if there are any.

SPEAKER MARVEL: The Chair recognizes Senator Murphy, then