

March 6, 1979

LB 105

a system which all other political subdivisions use to derive their revenues and the unit system is a complicated one. Initially the State Board of Equalization and Assessment determines a value for each railroad company that operates in the State of Nebraska. They determine that value not only for the State of Nebraska but for all the states within which that particular railroad might operate. They base their determination of the worth of a railroad upon three factors, stock and debt, net income and the cost of replacing that railroad property or the historical cost. After they figure out the net value of a particular railroad company, they determine what percentage of that value should be assigned to Nebraska. For example, Burlington Northern that operates in eight states or nine, maybe, worth a hundred million dollars and thirty-five million dollars of that hundred may be applied to the State of Nebraska. They use four factors to determine how this value is applied to Nebraska. That includes traffic units, gross earnings, car and locomotive miles and the number of miles of main line track located within the state. That I call the allocated value to the State of Nebraska. Once you have determined that allocated value, you then break that up and assign that to individual lines operating in the State of Nebraska and you make that assignment based upon the flow of traffic in Nebraska and that flow of traffic that is the density factors that we are finally talking about, if the information we're currently using to assign that allocated value to the various lines in Nebraska is twenty years old and this bill would require that it be updated every three years.

SENATOR COPE: Then I understand that the amount of traffic through an area would benefit as it does now that particular area?

SENATOR CULLAN: That is correct.

SPEAKER MARVEL: You have got one minute left.

SENATOR CULLAN: The more traffic that flows on a particular line, the more value would be assigned to that particular rail line.

SENATOR COPE: And the rest of the base of it, it is the same basis that we have had in the past only updated is the factors that are being used?

SENATOR CULLAN: Right. We are not changing the system in any way except requiring that they use current information.