

divide that value by the number of miles of main line track within a particular line to establish a value per line. Obviously the value per mile differs from one line to another and from one railroad company to another. After each mile of main line track is assigned a value, all mill levies with the exception of the municipal levy are applied to the value of the railroad track within that particular political subdivision, again based upon the number of miles of main line track within that political subdivision. So that briefly is the existing system of, unit system of railroad taxation. Legislative bill 103 does three major things. Number one, it clarifies the definition of railroad operating property. Now currently, there are cases where some railroad companies would like to or have attempted to place under the unit system some properties which have nothing to do with the operation of a railroad. Now the railroad companies in some cases and in different states own different properties. In Nebraska they own some farm land. In Lincoln they own some apartments and some commercial property. This amendment makes it clear that those types of properties are not to be taxed under the unit system but are to be taxed as any other locally assessed property. That is a very important amendment. The second one, we include side track so far as information which has to be reported by the railroad companies to the State Board of Equalization and Assessment, and the third change, and this is the important one, we change the distribution formula as far as railroad valuation is concerned. We establish a ratio of two to one between main track and side track. In other words, once this bill is implemented, one mile of main line track would have a value twice that as one mile of side track. Yesterday I distributed to you and I hope that you still have some information that I presented to the Revenue Committee titled Appendix 2 and this shows very briefly what the difference between the changed formulas is or changed formulas are. Under the present method of distributing railroad taxes, and again we are talking about that assigned value after we have completed the process, the value per mile under the current system is equal to the value of the line divided by the number of miles of main line track. Under the current system the value per mile of side track is equal to zero, it has no value. Under the proposed method, the value per mile of side track would be equal to the value of the line, the assigned value, divided by twice the number of miles of main line plus the number of miles of side track and the value per mile of main track would be equal to twice the value of side track. So again that is the mathematical change that the amendments to this bill result in. Now each of you have received yesterday morning a copy of a computer printout