

for each percentage increase in population. Thus, if a given subdivision has a 2% growth in one year, its lid would be 9% instead of 7 because increasing population does bring extra cost, we thought it was only fair for subdivisions to be able to receive extra funds without having to cut existing services too badly. For school districts population is measured by the head count and that head count is taken on the last Friday in September. For tech colleges population is based on full time equivalent student enrollment or FTEs. FTEs do not include those students in avocational or recreational programs, only those students actively pursuing a degree at one of our tech colleges. For subdivisions other than schools and tech colleges any population projections must be based on a method approved by both their governing board and the state auditor. Like the provisions of LB 1, if anticipated population increases do not occur the increased tax levied therefore would have to be carried over to the next year. Section 17 provides that in an emergency situation, if it is proclaimed by the Governor or ascertained by the governing board, the limit could be exceeded if two things occurred. First, we have gone to great pains to define what qualifies as an emergency. It must be an extraordinary event or an occurrence which could not reasonably have been foreseen or prevented and in which immediate expenditure of public funds to preserve the health or safety of the people within the subdivision. Second, any increased expenditures or taxation brought about by an emergency would have to be consistent with the rules, functions and purposes of the subdivision involved. At any time that the 7% lid is exceeded by what is determined to be an emergency, these two criteria would have to be certified by the governing board and to the state auditor. Finally, if 7% is inadequate, the governing board can refer the matter of the lid to the people. We have used almost the same language as was found in LB 1 to allow for an election. Section 19 authorizes the state auditor to adopt and promulgate rules and regulations to assist political subdivisions in complying with the limit. These rules and regulations would have to be adopted under the procedures in the administrative rules act and this act requires a public hearing and so forth. So the auditor can and will receive input from both the subdivisions and the public. We hope that this little section will go a long way toward ironing out confusion and ambiguity if any arises and that hopefully we, the Legislature, will not have to be back here each year working on this bill. In the Revenue Committee we added Section 21. This provides for an automatic termination