

April 9, 1979

LB 568

CLERK: Mr. President, LB 568. Title read. The bill was read on February 9th of this year. It was referred to the Public Works Committee. The bill was advanced directly to General File. There are no committee amendments pending, Mr. President.

SPEAKER MARVEL: The Chair recognizes Senator Kremer.

SENATOR KREMER: Mr. Chairman, I explained the bill the other day and Senator Goodrich has a prime interest in the bill and I think we left off the discussion with Senator Goodrich on the floor so I will yield to him, Mr. Chairman.

SPEAKER MARVEL: Senator Goodrich.

SENATOR GOODRICH: Mr. President, members of the body, this is the bill that we were talking, Senator Beutler and I were talking about on the floor the other day. A question came up that I really didn't have the answer for so we waited until this morning and got the Department of Roads to come in and explain it to us. The bill provides for the adoption of functional replacement as a method of determining how to handle the acquisition of public buildings, when you are going to run a highway through, you need site acquisition for highway right of way and you bump into a public building, be it a court house or school or whatever it is. Whenever that is, you have got a problem and I will go through this again, you have got a problem where in private real estate you have the cost of replacement, you have the income approach and you have market approach. In a public building you do not have market because they don't sell public buildings very often, you do not have income approach so all you have is the cost approach. What this particular bill provides is that on the cost approach say of a private building, privately owned building, you would have the cost of replacing that building less the depreciation. Some of the court decisions have come up with the judgment to the effect that public buildings do not depreciate like private buildings do. They appreciate in some cases and in other cases they serve this particular functional use and, consequently, the feds have acknowledged functional use as a replacement, rather, as a form of determining how to replace a public building. What it permits is that if you are bumping into, we will say, a school, as long as you are not improving the facility beyond what it...the function that it provides now, you are just meeting the same functional use, you can go over to a different site out of the right of way and build that community this same