

different from LB 269 which this Legislature considered a couple, three weeks ago and advanced to Select File. I think that is where 269 currently is. This bill deals with the way we tax railroads in Nebraska. Now I'm having a Page put on your desk a description of LB 268 which you can read in your leisure, or you can even read now if you want to read it. Let me see if I can describe how we tax railroads. What we do for railroads is we simply...the Department of Revenue, through the State Board of Equalization and Assessment, values railroads on the basis of what the railroads as a whole are worth. And of course because railroads operate in more than one state that valuation then has to be allocated out on a state by state basis and that is done through various and sundry formula for allocating value. In any event, the State Board of Equalization and Assessment and the Department of Revenue determines the actual value of the railroad doing business in Nebraska. It then takes that valuation and it sends that valuation back to local government on the basis of track miles, et cetera, et cetera, et cetera. That issue has been...we have discussed that issue in the Legislature on a number of occasions, but there is one thing in the railroad taxation law which is anachronistic to Nebraska. No other state does this and the Department of Revenue is asking that we change this feature. We have allowed local governments for years and years and we have allowed cities, that's it, we have allowed cities for years and years and years to separately value the roundhouse, railway station, office building and other railroad improvements within the city limits. The city may then impose upon those items of value the local property tax. That money then goes to the city coffer. Now that tax is known as the terminal tax. The word terminal tax essentially means the tax imposed by a city on railroad facilities within the city limits. The terminal tax incidentally is a deduction against the overall railroad franchise tax which the state is assessing. LB 268 says the terminal tax is anachronistic. It is no longer needed. In fact, to provide for separate valuation of certain pieces of railroad property separate and distinct from the railroad itself is an incredibly bad form of valuation and assessment. So the Department of Revenue eliminates the terminal tax. Now the money, mind you, continues to roll back to local government and it rolls back to local government through the various allocation formulas that we have. But the one thing that we heard in the Revenue Committee is that while city after city after city favored