

do you have further amendments to the committee amendments?

CLERK: Nothing further to the committee amendments at this time, Mr. President.

SENATOR BEUTLER: Okay, we are back on the committee amendments. The lights are in confusion. Would you check your lights, and those who wish to speak to the committee amendments let us know. Senator Schmit. Senator Hefner, Senator Hall.

SENATOR HALL: Mr. Speaker, members, I just have a question for Senator Landis. Senator Landis, when you presented the amendments you mentioned some things that were used to determine the income factors, hard data.

SENATOR LANDIS: Right.

SENATOR HALL: Could you elaborate a little bit? You went rather quickly, even though you went over the ten minutes allowed, on how the income basis for determination came about. You mentioned things like price, crop yield, and then you went into the T-bill rate.

SENATOR LANDIS: Right.

SENATOR HALL: Could you elaborate a little more, for someone like myself, on how those items were put together to come up with the income method for determination?

SENATOR LANDIS: Sure. This is a fraction. The top half of the fraction comes from SCS figures. It takes, by crop reporting district, the price of a crop over a five-year moving average, and the yields for those crops in a county for a five-year average, weights them by the cropping pattern in that county. It takes that times the landowner's share. That is the income stream on the top. Bottom half of the figure, 80 percent of that is an equity figure. That equity figure is the T-bill rate on a moving average for the last five years. The debt portion, or 20 percent of the rate, comes from the federal land bank's interest charged on loans. The bottom half becomes the capitalization rate. Capitalization rate is divided into the top half of the fraction, you get your valuation. Every one of those figures comes from an authoritative source, a documentable source. With respect to the bottom half of the fraction,