

passed LB 269 earlier this year, but required the Department of Revenue to value the railroad as an entirety, as an entirety. So what happens is that our Department of Revenue starts out, literally Senator Schmit, with looking at the number of shares of Union Pacific Railroad. Let's say it's got 1 million shares, and they are currently being traded on the New York Stock Exchange at \$1,000 a share. So you multiply 1,000 by 1 million and you get literally the value of the railroad. Now whether that is income, or whether the stockholders who are valuing their shares are using some kind of an income analysis, based upon dividend payouts, et cetera, et cetera and coming up with the price, or a speculative market value, is anybody's guess. But after that valuation for the entire railroad is established, then the Department of Revenue goes back and subtracts out literally that portion of the railroad in every state but Nebraska. They do that on the basis of income, attributing income from outside Nebraska plus income in Nebraska, property and payroll. They use three factors. Once they get that done they then get to what Nebraska's share of the railroad is worth. With that valuation they simply then distribute that value, literally, throughout the entire system on track miles.

SENATOR SCHMIT: Can you tell me then how it happened that in Butler County, when we passed Senator Cullan's bill several years ago, that Butler County lost 98 percent of its railroad valuation due to the imposition of what we call the density formula?

SENATOR V. JOHNSON: Well, I think it is because luckily very few Butler County citizens are dense and as a result the application of the formula tended to work hardship on Butler County.

SENATOR SCHMIT: I was afraid you would say so.

SENATOR V. JOHNSON: No, the real truth, Senator Schmit, I should never be facetious with you, but the real reason that Butler County lost a lot of the valuation is because this Legislature, several years ago, decided that it would change the waiting, the waiting. What it said is that we are going to give special weight to mainline track, and far less weight to branch line track. As you so well know, Senator Schmit, Butler County has mostly branch lines, most of which you are attempting to revitalize. It doesn't have any