

man that maybe in another bill it will be funded. They just won't be able to understand. It's very, very important that we do not put many of the elderly that are now on the homestead exemption back on the tax rolls. We did it in Douglas County this last year because we had a 40 percent increase in the valuation average for the whole county and many of the elderly that were receiving a homestead exemption are now back on the tax rolls, sometimes 20 to 30 percent because their homes were doubled in valuation and they are only exempt on the first 35,000. There are not too many homes that are valued under 35,000 in Douglas County because of the recent revaluation. We do have an income limitation on the elderly. I think the totally disabled should come under the same or perhaps maybe a slight increase in their income limitation. I think what the Governor is suggesting to fund the homestead exemption in future years is correct. I will totally support the bill. I will testify in favor of the bill but I think now I will have to override as much as I dislike doing so the Governor's veto because of the misunderstanding that may occur and hope that you will do the same. Thank you.

PRESIDENT: The Chair recognizes Senator Hefner.

SENATOR HEFNER: Mr. President and members of the body, I rise to support the veto. We have in our statutes, and this says that we will reimburse local government for the amount of money that is submitted. If we do not, if we do not fund this deficit appropriation bill, it is going to increase property taxes because local government needs to get that money someplace. If they have enough in their reserve, they may be able to take it out of their reserve but most of these local governments do not have this. And so I say to you today, let's fund this deficit and then let's come back and change the law. We have a proposal before us, I believe it is 1256 or 1258, and the Revenue Committee will be holding a hearing on this tomorrow and this proposal will change the law. I don't know if this bill will go far enough. This is one of the things that we will discuss tomorrow at our hearing. We may have to go a little further. We have to reduce the \$35,000 valuation down a little or we may have to go up a little with the income. Governor Kerrey says that if we do not sustain his veto, it will cause a tax increase. I don't believe that it will. I think we can take or strike other provisions from the budget bill that we will still be able to go with a 19 percent