

**Debate Transcripts**  
LB 490 (1995)  
Final Reading  
May 31, 1995

PRESIDENT ROBAK: LR 3CA passes. LB 490.

CLERK: Senator Bromm would move to return the bill for a specific amendment.

PRESIDENT ROBAK: The Chair recognizes Senator Bromm to open on his motion.

SENATOR BROMM: Thank you, Madam President and colleagues. I told Senator Kristensen that my intent in filing this motion was not to harass the bill, but I do have some serious concerns and considerations that I would like to explore. The amendment that I have would postpone the operative date of the bill to January 1 of '98 instead of '96. Basically, some of the discussion that we had on General and Select File on the bill, cleaned up some of the problems I think that there were originally. However, I still have concerns about whether or not this bill is premature. If LR 3CA, we just voted on, would be approved by the voters, then there would be a need for a Tax Commission, such as we have here. This bill puts the commission in place, whether or not LR 3CA passes or not, and I guess some of the concerns I have are we have passed LB 452, which the Revenue Committee brought forward to change a number of the dates, the critical dates with regard to property and appealing your assessed values, and I think that will be a very positive change, which has not had a chance to work or be implemented at this point. The major point that I think helps in LB 452 is that the State Board of Equalization will do its work before property taxpayers are cut off from any chance to appeal. So if they would do something to your county that would raise your property above what you think is market value, you would have an

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opportunity to appeal that to the Board ... to the County Board of Equalization, and for them to make an adjustment. LB 452 has some other changes, which I think will be helpful in the property tax assessment scenario, and it just... it won't have an opportunity to work before we

put this commission in place. I also wanted... I handed out to you, we did some calling to the counties in my district, and a couple of counties that are in Senator Kristensen's area, regarding the number of appeals filed in district court in the last five years, and I would... I would preface this by saying that the appeal time for 1995 had not totally passed when we made the phone calls real recently, so there would a chance that some '95 appeals could be filed in all fairness. But if you look at the last three years, especially, you'll see little or no appeals filed in district court. And one of the reasons, of course, for having a commission such as this is to provide an opportunity for people to appeal their valuation beyond the County Board of Equalization. And I know Senator Kristensen has argued, and I understand this, that it is difficult to appeal a case to district court. It is expensive and people are dissuaded from doing that by the cost. However, if you look at the data that we've included, in 1991, when there was some substantial valuation changes made in a number of counties, there were a number of appeals filed that year. People did take that recourse when they felt they needed to. One of the points about LB 490, I think it will probably encourage people to challenge their value, it will be perhaps a little bit simpler for them to do it. The county will have to defend those appeals, and I think it will, in that sense, create more of a burden on the county for defending a number of more ... possibly a number of more appeals if it does precipitate that. I also handed out, I thought it was interesting as I was thinking about this subject, the Nebraska Property Tax Review Committee recommendations that were recently rendered for the Governor and the Revenue Committee, and with regard to the assessed value question, that group recommended at number 5 on page 2, of that handout, that really what we ought to do is be looking at assessing property values on a statewide basis according to the best assessment practices, and, basically, their recommendation is that people would be doing this who are not elected and who are politically independent. So I think, you know, if... I think that's an alternative in a sense to the system that is being presented here in LB 490. Probably, most of all, without the absolute necessity knowing whether LR 3CA is going to pass, my biggest concern with the bill is it creates another commission, and I think one of the senators, and it may

have been Senator Schimek, although I am not sure it was her,' I think it might have been, handed out on General or Select File a list of the commissions and state boards that we have, and there are 222 of them without the commission that we are creating. And if you look at that list, which was several pages long, you have to ask yourself, is this the only alternative. This commission, according to the fiscal note, will cost us about \$217,000 in the first fiscal year, \$329,000 in the second fiscal year, and I think as commissions go, it will only increase in terms of costs. LR 3CA that we just voted to send to the voters will have an operative date of January 1 of '97. It will be voted on, unless the reconsideration is successful, in the fall of '96. I would argue that if the... if the voters do agree to abolish the State Board of Equalization, we will have to have something like 490, but I don't want to put another commission in place before we know if that's what the voters want to do. I just... I just don't think that it's necessary. Our real problem out there with the counties is finding enough money and enough resources to do a proper job of evaluation of property, and if we want to put some resources into something, I think if we were to figure out a way to help them with uniform appraisals, either provide for that at the state level, or by some means of providing a subsidy for them to do it, I think that would be of greater assistance than spending the money for a commission, such as we are contemplating in this bill. I understand the rationale behind the bill. There are some good things to be said about it, without a doubt, but, for my part, I don't want it unless the voters approve LR 3CA. I don't want to create another commission. I don't think it's the only answer to our assessment problems. There is another factor or the horizon that is going to be decided within the next year, year and a half, and that is what direction our entire property tax system is going to take, and if we should, by some stretch of the imagination, vote to significantly reduce the emphasis on property tax, or perhaps do away with it for certain purposes, the justification or the need for a commission like this would be greatly diminished. And I would suggest that that's going to be decided in the not too distant future. I don't see the urgency. I don't see the need to do this right now. I would even feel a little bit better, perhaps, doing it next session if we are going to do it after we see a little bit more about what direction some of these things are going to take, such as the property tax question. It is for those reasons that I suggest returning the bill to postpone the effective date. I will want to hear, if there are any other senators ...

PRESIDENT ROBAK: One minute'.

SENATOR BROMM: ...who have concerns or reservations about this, give you an opportunity to speak your... to speak your views on it. I am not going to take this to the wall, but I am serious about considering the merits of the bill. Thank you.

PRESIDENT ROBAK: Thank you, Senator Bromm. Senator Kristensen.

SENATOR KRISTENSEN: Thank you, Madam President and members of the Legislature. Let me make it real plain. You know I wish I had this handout when I debated the bill. I wish I had Senator Bromm's handout because do you know what this handout shows me? Senator Stuhr, this handout shows me that there is... everything is fine with property tax, that there is no problem with equalization in valuation in this state because nobody in those counties appealed in 1994 except for four people. Property taxes and valuations must be fine in this state. Wrong. Wrong, wrong, wrong, and I will tell you why, and the problem is that not enough people understand how seriously unfair this system is right now, and I am not talking about the burden of property tax because that is an issue everyone of us can talk about. My property taxes are too high, I know that. I am talking about fundamental fairness, and fundamental fairness comes in equalization in valuation. You tell me that it's fair that because you live on one side of a neighborhood or on one side of the road and your property is valued somewhere between 60 and 80 percent differently than the other piece of property, and you live in the same school district, and just because you live in different counties, you pay different tax. That's not fair. And the problem is the only way you are going to get fairness and equalization in this state, this has nothing to do with assessors, and you have got a bunch of assessors out there who are hardworking people, but you've also got a bunch of them who are scared to death because people are starting to examine the system of assessment and valuation, and they are starting to examine equalization, and they don't like it. And so they are going to come to their senators and say, I'm ... we don't want that big bad state in there and, oh, we can't have another commission. We are going to take the court system out of it. We are going to take the delays of the district court out

of here. We are going to take the expense of litigation out of here and put it into a system that is easier, and the best way to do this is for people at the local level to take their

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individual assessment and appeal it. You can't be on the State Board of Equalization and look down. You can't be five people who have no idea of what they are doing, on the State Board of Equalization, and look down and raise an entire class or an entire community of property tax values up. That's unfair. It's unfair to the people in Omaha, whose values are already too high in some neighborhoods. But because the state board raises everybody up, their high values go up again, and they have no meaningful opportunity to appeal, and LB 490 doesn't just deal with appeals. It also provides for a system of giving a recommendation to the State Board of Equalization on how they ought to act statewide, and why do -they have that expertise? It is because these three people are going to get a chance to see the entire state at one glance, and we've built in a mechanism so we can handle the years that we have lots of appeals through the small filing fee and the masters. If you don't have a system of statewide equalization and some way to address that, the system will never be fair. And you can put up the rhetoric, we don't want to create another board or commission. But, I will tell you, we all stumble over ourselves because we want to go to mediation, and we want to get away from the court system because it is cumbersome, and because it is slow, and because they don't have the expertise. I will tell you, district court, when you've got, what, 90 ... well, it is not fair to say 93 different district courts, but we've got roughly, what, Senator Bromm, I am struggling for numbers, 47 ...

PRESIDENT ROBAK: One minute.

SENATOR KRISTENSEN: ... 49 districts, different district judges are going to have different interpretations, you are not going to get that consistency. They don't do it every day, and people can't afford to go do it. LB 490 is the meaningful way to do it. It will operate without the constitutional amendment passing. When the constitutional amendment passes, I don't want to create a new board that we don't have any experience with. Now is the time to begin to get this up and working, and work out the bugs. And in the meanwhile, you happen to make the property

system a lot fairer. And for the people who only look at the bottom line of their property taxes, they are never going to solve the problem unless you are concerned about fairness, and that is what 490 is all about. It is all about giving people meaningful fairness and the chance to have equalization in this state. If there are other questions, I will answer them. I don't plan to turn my light on. And, Senator Bromm, if

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you have questions, I will be glad to try and answer substantive ones. Thank you.

PRESIDENT ROBAK: Thank you, Senator Kristensen. Senator Witek.

SENATOR WITEK: Sorry, I got into a debate over there. Madam Chairman, members of the body, I would rise in support of the Bromm amendment. Did you pull it? It's still up here. Okay, I have concerns about this bill and I won't be voting for it. I didn't vote for LR 3CA to be on the ballot. In Douglas County, the concern that I have heard over and over again, they would like an easier avenue for appeals, that part appeals to these individuals, but they want their elected officials to be accountable to them, and they don't like pushing this off, and this is just what I've heard time and time again, pushing this off onto some other body, nonelected officials, who they don't feel will be accountable to them through the same, at least, line of accountability which is a direct line they feel as an elected official. So I put out a similar questionnaire to people in my district, and I would say it's running at least 75, maybe 80 percent in opposition to doing something like 490 suggests. So I know in my area I would like more time to talk to people, more time to just look over this idea, especially since our area is right now in such flux in Douglas County over the property issue and the tax issue. So I agree that I think it is a good thing to hold off, wait a longer period of time. The issue is on the ballot, it goes to a vote of the people. I think that will give them a time to become aware of it, and then I'll know then the actual numbers, other than just taking an informal vote, of how people feel about this, and they'll have a better understanding, possibly, of how this, if this issue does come to the ballot, and it's probably explained in the newspapers and other media sources, and I'll get a better fix on how people feel about having this type of nonelected board handling their tax issues. So I would like

some time myself, within my district, and I believe the individuals that I've talked to within my district and received information from within my district would like a longer period of time, so I will be supporting Senator Bromm's amendment to give us that time that we need I think with the people in our districts to become more aware of this issue and definitely to see how the ballot issue comes out. Thank you.

PRESIDENT ROBAK: Thank you, Senator Witek. Senator Warner.

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SENATOR WARNER: Madam President, members of the Legislature, I'd rise to support LB 490 as it currently exists, and oppose any further amendments for delay. I look upon this, in part, as has already been indicated by Senator Kristensen, but it's a bit of a transition time between now and the adoption of a CA, of a constitutional amendment, which would give it a more clear direction, but the important thing is if the constitutional amendment doesn't go, then this is still a move in the right direction of putting into place a better system of addressing the equity issue of equalization. Reference has been made to the property tax problem or the issue of what may happen. Certainly, I have heard other committees, just today I think I heard Senator Wesely talk about that they were looking at regional health systems as a way of structuring reducing costs, more cost-effective. If any portion of that cost on any kind of a regional operation is going to depend on property tax, and when we get done, there will be some programs that will be in whole or in part continued to be funded from property tax, but the key to making those work are going to be equalization of values. And I look upon the provisions of 490 of starting to put in some people into the system, and you are not losing elected officials, by the way, because the ... at the state level because the Board of Equalization will continue to, until the constitutional amendment is adopted, will continue to have the final say, but this board will have a level of expertise and a level of looking at a statewide issue in more than just on a casual basis limited by numerous other responsibilities. Equity in our property tax system comes slowly. We have been moving well, I think, toward that in the last three, two, three years. I think this is another important step toward quality of equalization and I would hope the body would not return the bill for any amendment, but would continue to let it be enacted, put in place, and I think and to move

one more positive step toward equity of property tax equalization, which is always going to be an issue. We are not going to totally eliminate property taxes. There is nothing that is more needed, more in terms of a fair system, than equalized values, and I think this LB 490 will be a major step toward proceeding with what we've started with.

PRESIDENT ROBAK: Thank you, Senator Warner. Senator Bromm.

SENATOR BROMM: Thank you, Madam President. Senator Kristensen, if I could ask you a question or two.

PRESIDENT ROBAK: Senator Kristensen.

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SENATOR KRISTENSEN: Yes, Senator Bromm.

SENATOR BROMM: Senator Kristensen, in preceding this bill, in your work, do you have any ... were there any studies or information compiled on the inequities that do exist in the assessment area, or is this generally kind of accepted from complaints that have been heard? What data, if any, is available on that, if you know?

SENATOR KRISTENSEN: And I want to make sure that we are accurate in terms of what we call assessment. If we are talking... let's talk about value...equalization of values, if we can. In other words, the two pieces of property, side by side, but are separated by let's say a county line, because they have had different valuation treatments, or that they are subject to different treatment by the County Board of Equalization. Through, the Department of Revenue has, through the last couple of years, and I think Senator Warner probably could speak to this more as he has probably studied it deeper, but I have looked through almost all of those, and we have seen great disparity in terms of the similarly situated property, same class of property having different values, particularly in agricultural values, and then we have seen a large disparity in terms of, for example, in a county that residential or commercial property may be higher valued

than market, a percent of market value, than the acceptable ag land would be, and that there is just not a good way to attack those and do them. But there is that, there is that information through the Department of Revenue, also through the Tax Research Council. And the stuff that I've seen from them has shown that that's one of the major problems in the property tax system.

SENATOR BROMM: With respect to farm ground, the Department of Revenue puts out manuals which speak of classes of land,...

SENATOR KRISTENSEN: Yes.

SENATOR BROMM: ... and irrigated and nonirrigated, and that sort of thing, and they give the county assessors a range of values, is that correct?

SENATOR KRISTENSEN: Yes, it is, right, and different classes of property and consideration, exactly.

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SENATOR BROMM: Okay. I would say that in my...in the area that I am familiar with, that the efforts to equalize between counties has improved greatly in the last five or six years. I know six, seven, eight years ago where school districts overlapped between counties, there were significant differences. Those differences are not nearly as great as they were then. Does that mean the system is perfect? No. And the valuation, the system, or the job of valuing real estate is terrifically difficult. It will never be perfect, and I am sure anyone, Senator Kristensen or Senator Warner or anyone else dealing with this subject would probably acknowledge that it is an inexact science. You do the best you can, and I'm ... and I'm sure that in many cases the assessors, in most cases, have done that. The problem is the counties don't have the money to do a scientific appraisal as often as they should, and this bill, at the bottom of page 12, in Section 17 says that if no other relief is available, is adequate to resolve disputes, the commission may order a reappraisal of property within a county, an area within a county, or classes or subclasses of

property within a county. So this commission will have the authority to order a county to do a reappraisal.

PRESIDENT ROBAK: One minute.

SENATOR BROMM: Now I don't know but, Senator Vrtiska, I would suggest that Richardson County today would have a hard time if they were ordered to do a countywide reappraisal. I know... I know that the county I live in would have a difficult time and we haven't had some of the challenges lately that you've had. I'm a little concerned about that, quite frankly. I don't expect that that kind of order would be given lightly or real frequently, but that is a significant power that we are giving to an appointed commission, unlike any that has existed with regard to the Board of Equalization or any other body that I'm aware of, and that's a policy choice I pointed out because I want us all to be aware that we are empowering this commission with that, as well as many other duties. Thank you, Madam President.

PRESIDENT ROBAK: Thank you, Senator Bromm. Senator Beutler.

SENATOR BEUTLER: I'd like to call the question.

PRESIDENT ROBAK: The question has been called. Do I see five hands? I see five hands. The question before you is, shall

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debate cease? All those in favor vote aye, all those opposed vote nay. Please record.

CLERK: 25 ayes, 0 nays to cease debate.

PRESIDENT ROBAK: Debate ceases. The Chair recognizes Senator Bromm to close on his motion.

SENATOR BROMM: Ask everyone to check in, Madam President.

PRESIDENT ROBAK: Will the senators please check in.

SENATOR BROMM: And I would yield the first couple minutes of my time to Senator Abboud.

PRESIDENT ROBAK: Senator Abboud.

SENATOR ABBOD: Thank you, Senator Bromm. Madam President, members, I just want to make a couple of comments. I guess I have been a little irritated about this bill. I got irritated about this type of a bill. I get irritated every time we take up the issue of taxes. Sales tax, income tax, it hasn't been around for a few years, but it always revolves around the issue, well, you know your sales tax wouldn't be so high if we only expanded the base. The reason your taxes are so high in the sales tax area is because not enough people are paying the taxes, and if we had more people paying the taxes, then your sales tax would drop. And that's what I hear about this valuation. Somehow these property taxes are going to drop dramatically because some other person is not making their fair contribution toward the taxes, toward schools, toward cities, toward counties. It is not going to happen. It is not going to happen. And I think the... I appreciated Senator Bromm's handout showing the amount of upheaval that we have out in the hinterland. It isn't a problem out there. It isn't a problem in my county. I haven't been inundated by telephone calls telling me that we need to make some changes in the valuation process. We have an adequate process through our judges, and I don't see how these commission members are going to provide any more expertise than what we have with our current judges. There is going to be appraisals that are going to be offered by individuals that are certified. They are going to offer appraisals making comparison of sales of like property, and on the basis of those appraisals, there will be a determination as to the valuation of the property, and whether or not that person

is paying their fair share. So there won't be any difference between these commission members and the judges. About the only thing in this bill that I feel is ... might make a difference is what Senator Bromm pointed out when it comes to reevaluation of property and...

PRESIDENT ROBAK: It has been two minutes, Senator.

SENATOR ABBOD: ... I will finish up ... where they offer the ... they are going to come in and offer professionals to come in and make determinations of valuation, so in my county, we are going to have an individual company come in and make a determination as to the valuation of the property throughout the county, and I think our county assessor is doing an adequate job, a good job, and there is no need for a change. Like I said, I think this bill is a sham. I think they are trying to put the blame on something that is not the problem. The problem is we are spending too much money, and it is the same problem that we face here in the next couple of days on our veto overrides and our A bills. The money comes from revenue and the money is spent on services which we feel are adequate or the schools feel are adequate as well. So I am going to be supporting the amendment offered by Senator Bromm. I feel that we'll let the voters decide if they feel there is a problem. There is a constitutional amendment out there. They will make the determination. If they approve it, we come back and we set up the commission system, I can live with that, but I can't live with setting up the commission system ahead of the voters making a determination. Thank you.

PRESIDENT ROBAK: Thank you. Senator Bromm, you have a minute and a half left.

SENATOR BROMM: Generally, I think the local County Board of Equalization does a pretty good job of taking care of inequities at the local level. I think generally the Department of Revenue has the information to prescribe to the State Board of Equalization changes that should be made between counties, and they have begun to do that for the first time in the last... in the last year or so. We haven't seen that kind of action before. Now that the State Board of Equalization...

PRESIDENT ROBAK: One minute.

SENATOR BROMM: ... finally took some action, we may abolish them

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with a constitutional amendment, and if we do that, then we are going to have to have something, and then I would be in favor of looking at something like the commission, but I am going to... I am going to suggest to you that the information available to this commission, unless the budget is increased significantly from what the fiscal note is here, is going to be based on information from the Department of Revenue, which is what they have to work with now at the State Board of Equalization and in the Department of Revenue. We are creating another commission. We are creating additional costs. We aren't establishing central assessment, which is probably the most efficient thing that we could do, but, instead, we are going to ... we are going to create another board. We are going to give them powers that we have not given any other commission or board before in the area of real estate valuation, and I would suggest that you scratch your head pretty hard about doing this before you know if the voters are going to abolish the State...

PRESIDENT ROBAK: Time.

SENATOR BROMM: ... Board of Equalization. Thank you.

PRESIDENT ROBAK: Thank you, Senator Bromm. Senator Withem needs to check in. Senator Robak. We are waiting for or Senator Withem. We are waiting ... we are no longer waiting. The question before the body is the adoption of the motion to return LB 490 to Select File. All those in favor vote aye, all those opposed vote nay. Have you all voted? There has been a request for a record vote. Please record.

CLERK: (Read record vote. See page 2690 of the Legislative Journal.) 15 ayes, 23 nays on the motion to return.

PRESIDENT ROBAK: LB 490 does not return to Select File. Please proceed.

ASSISTANT CLERK: (Read LB, 490 on Final Reading.)

SPEAKER WITHEM PRESIDING

SPEAKER WITHEM: All provisions of law relative to procedure having been complied with, the question is, shall LB 490 pass? All those in favor vote aye, all opposed vote nay. Have you all voted? Record, Mr. Clerk.

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CLERK: (Read record vote. See page 2692 of the Legislative Journal.) 29 ayes, 10 nays, 4 present and not voting, 6 excused and not voting.

SPEAKER WITHEM: LB 490 passes. Mr. Clerk, LB 490A.

CLERK: (Read LB 490A on Final Reading.)

SPEAKER WITHEM: All provisions of law relative to procedure having been complied with, the question is, shall LB 490A pass? All those in favor vote aye, opposed vote nay. Have you all voted? Record, Mr. Clerk.

CLERK: (Read record vote. See pages 2692-93 of the Legislative Journal.) 28 ayes, 10 nays, 5 present and not voting, 6 excused and not voting.

SPEAKER WITHEM: LB 490A passes, and while the Legislature is in session and capable of transacting business, I propose to sign and do sign LB 646, LB 646A, LB 696, LB 712, LB 712A, LB 752, LB 490, and LB 490A. (Journal also shows LR 3CA.) Mr. Clerk, do you have any items for the record?

CLERK: Mr. President, motion to reconsider the Final Reading vote on LR 3CA heard earlier this evening. Senator Landis, a new resolution, LR 273, it will be laid over. Enrollment and Review reports they have examined and engrossed LB 626. And a series of adds to a variety of bills. That's all that I have, Mr. President. (See pages 2693-94 of the Legislative Journal.)

SPEAKER WITHEM: Senator Brown.

SENATOR BROWN: Mr. President, I move to adjourn until June 1st at 9:00 a.m.

SPEAKER WITHEM: You've heard the motion. All in favor say aye. Opposed. We are adjourned.

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