

Legislature

Property tax deliberation ongoing

Committee examines relief possibilities, Johann's plan

By BRIAN CARLSON
Staff writer

Upon taking office in January, Gov. Mike Johanns made a direct property-tax rebate a centerpiece of his legislative agenda. The proposal gathered dust in the Revenue Committee for two months, but the committee continues to look at ways to provide property tax relief.

In recent years, the Legislature has sought to reduce property taxes and equalize school funding by increasing the state's share of education funding.

Under LB1114, passed in 1996, the state capped school districts' property tax levies at \$1.10 per \$100 evaluation, to be dropped to \$1 in 2001.

This was followed by a \$110 million infusion of state aid to schools in 1997 to compensate for schools' lost property tax revenues. For the first time, the state was footing nearly half

the bill for public education in Nebraska.

But Johanns sought a different approach to property tax relief, arguing that the present course had not provided property tax efficiently.

"Where I have to question, what I can't defend, is in the area of property tax relief," he told the Revenue Committee in a February hearing.

In LB881, he proposed that the state create a trust fund to be filled with excess state revenues and returned to taxpayers through direct property-tax rebates, starting with an 11 percent rebate the first year. Johanns also favored preserving the \$1.10 levy limit and continuing state aid to schools.

But opponents said the plan provided no guarantee of property tax relief and was unsound economic policy.

In the Revenue Committee's hearing, the late Sen. Stan Schellpeper of Stanton said the bill could actually have an adverse effect on taxpayers.

With the higher levy lid in place, citizens' property tax bills would be higher. Then, if a downturn in the economy reduced state revenue, the state might be unable to afford the property tax rebates.

"People could get hit twice," he said.

Sen. Bob Wickersham of Harrison, chairman of the Revenue Committee and a staunch opponent of LB881, expressed similar concerns. Echoing Schellpeper's concerns about an economic downturn, he said the plan was risky and possibly unsustainable.

"Why substitute an absolute certainty of lower taxes for a good chance taxes won't be lower?" he said.

But Johanns defended his plan, saying it broke the link between state aid to schools and property tax relief.

"I'm not saying we should repeal

the (school financing) formula," he said. "I really do not believe LB881 abandons the efforts the Unicameral has been putting into place."

LB881 failed to gather the five votes needed for the committee to advance it, and the bill remained in committee for most of the legislative session.

After Schellpeper's death, Sen.

Cap Dierks of Ewing was appointed to the Revenue Committee. His vote may be crucial in ongoing negotiations over LB881 and other property tax relief proposals.

The committee is now looking at a variety of other plans, including one that would not provide rebates, but rather smaller property tax credits that would begin this year.



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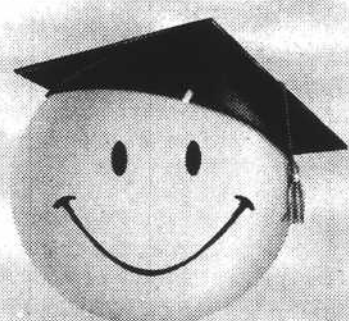
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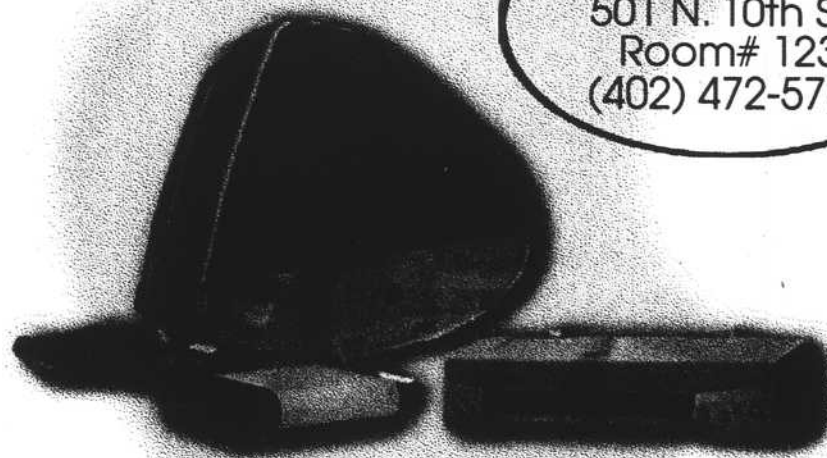


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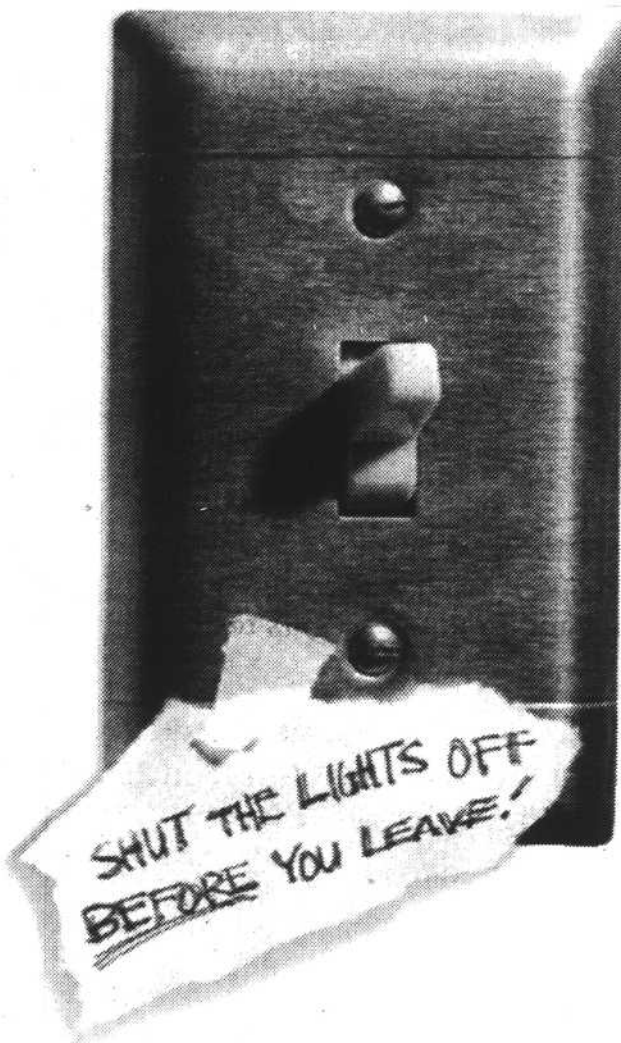
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