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**Capitol View
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**Nebraska Press Association**

**Open the History Books and Pencil In - LB974 of 2020,**

**Property Tax Relief Proposal**

From the folks who brought you LB775 in 1987, LB1059 in 1990 and LB840 in 1991, comes another contender for a household word, LB974.

That’s the Nebraska Legislature Revenue Committee’s 2020 plan to reduce local property taxes by increasing state aid to schools. Six committee members are sponsoring the bill. Omaha Republican Sen. John McCollister and Bellevue Democrat Sen. Sue Crawford declined. Speaker of the Legislature Jim Scheer of Norfolk wanted the bill on the fast track early in the session, eschewing the practice of saving major proposals until the final days.

Whether the bill is weighty enough to survive three rounds of debate and receive a signature from Governor Pete Ricketts remains to be seen. If it’s a strong enough proposal to head off a property tax ballot issue with a speculative $1.5 billion price tag, it just might earn a spot in the history book. Actually, there is no such book except in the minds of old reporters like me and a handful of retired senators and lobbyists who occasionally gather for coffee.

Let me enlighten you on the prestigious company this measure could be keeping before moving on to an explanation of the proposal. LB775 of 1987 was the jobs and investment growth act that then-Gov. Kay Orr shepherded to keep ag products giant ConAgra in the state. Aside from the fact that the bill passed and cost Kay Orr a second term, ConAgra moved out of the state a couple years ago.

Likewise, LB1059 of 1990, a school finance proposal had some interesting twists. Turns out one of them was much-needed school

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consolidation. Education Committee Chairman Ron Withem of Papillion showed a Dr. Seuss cartoon during the hearing on the measure – a legislative

first. Communities still use and talk about LB840 of 1991 which is a local option sales tax used for local economic development purposes.

But I digress. In a nutshell, Revenue Committee Chairwoman Lou Ann Linehan of Elkhorn says that LB974 increases state aid to schools to reduce their reliance on property taxes. The bill does not raise income or sales taxes or eliminate any sales tax exemptions, and the current property tax credit relief fund – a Ricketts favorite – would remain intact.

Property valuations on agricultural land and residential and commercial property would be reduced over a three-year period. The bill would value residential and commercial property for school support at 95 percent in 2020, 90 percent in 2021 and 85 percent of actual vale in 2022. Actual value would be used for property taxes paid to other entities. Agricultural property, currently valued at 75 percent of actual value, would be valued at 65 percent in 2020 and 55 percent in 2021 and subsequent years. Property taxes to other entities would be assessed at 75 percent of actual value.

Linehan promises that the bill would extend state aid to all schools, rather than the minority of school districts that now receive state assistance under the current school-aid formula. She said every student would get state funding.

Analysts fear that the plan will place budget and spending pressures on big-city school districts such as Lincoln, Omaha and Millard.

Unanticipated state revenue would help fund the proposal. That’s the money that has come in above projections from the current “other” taxes the state collects. That’s also a revenue source that the state’s think tanks have warned could fluctuate in the future.

The elephant in the room is the statewide petition drive seeking a vote of the people in November on a constitutional amendment that would provide a

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35% state income tax refund or credit for local property taxes paid. That’s the $1.5 billion hole I mentioned earlier.

Speaking of animals, I have been to Las Vegas and seen Siegfried and Roy make a tiger disappear and then reappear. I’ve watched tax revenue disappear and fail to reappear.

I doubt that the funding to keep the committee proposal viable for years to come will magically appear. Lawmakers need to proceed with caution.

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***J.L. Schmidt has been*** *covering Nebraska government and politics since 1979. He has been a registered Independent for 20 years.*