

this particular level, a fair consideration for these two issues together, then we might be able to let LB 348 go in its pristine form and less cumbered form than it is now. Two issues that I think we need to deal with we've already discussed briefly the in lieu of taxation issue. Let me give you a little background on that. Number one, most of you know when Nebraska entered the nation there were certain lands given to the state for the purpose of support of education. These lands are rented out. The rent that comes from them goes out to support the common schools. Part of the lands were sold and the proceeds of those lands were put into the permanent school fund. Interest on that goes out to support the common schools. Two types of distribution, there is an apportionment where every kid in the state gets sent to his or her school district a certain sum of money out of the fund and then there's an in lieu of taxation. In lieu of is a scheme, and that's the term that the Supreme Court uses for it, a scheme that was developed back in the turn of the century to compensate school districts that have school lands in them for the fact that they no longer...that they are not on the tax rolls. The purpose of it is to defray a lost tax. The formula that was used prior to a Supreme Court decision was school districts got 143 percent of the value of those lands counted in terms of determining what they lost in tax revenue. The 43 percent was used to compensate them for money that they would have received if the land had been...that other subdivisions of government would have received had those lands been on the tax rolls. The Bartels decision, the Millard school district, a gentleman by the name of Mr. Bartels, sued Commissioner Lutjeharms over the in lieu of tax issue. The Supreme Court indicated that in lieu of taxation was in fact a proper form of distribution but that it is a violation if the...I wish I could find the exact language here, you cannot give them more, school districts more than they would have got had the land been taxed I think is the layperson's explanation. School district would not have received 143 percent of the valuation so, therefore, they couldn't get 143 percent. State Board of Education then took that decision and began distributing on a 100 percent basis. This year because ag land and all of the farm, all of the rental property, school lands are in fact ag land, had they been taxed they would not have been brought in money at 100 percent of their value, they would have brought money in at 80 percent of their valuation. They asked...the Department of Ed said we don't think we can distribute at 100 percent, they asked for an AG's opinion, they have not distributed over \$20 million in lieu of and