

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office

Floor Debate  
January 26, 2007

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[LB1 LB2 LB4 LB21 LB24 LB26 LB27 LB41 LB44 LB80A LB80 LB94 LB98 LB99 LB115  
LB167 LB213 LB237 LB261 LB264 LB270 LB305 LB315 LB341 LB344 LB359 LB459  
LB482 LB700 LR23 LB158]

SPEAKER FLOOD PRESIDING []

SPEAKER FLOOD: Good morning, ladies and gentlemen. Welcome to the George W. Norris Legislative Chamber for the seventeenth day of the One Hundredth Legislature, First Session. Our chaplain of the day today is Pastor James Fedlam, First Presbyterian Church, Humboldt, Nebraska, from Senator Heidemann's district. Please rise. []

PASTOR FEDLAM: (Prayer offered.) []

SPEAKER FLOOD: Thank you, Pastor. I call to order the seventeenth day of the One Hundredth Legislature, First Session. Senators, please record your presence. Mr. Clerk, please record. []

CLERK: I have a quorum present, Mr. President. []

SPEAKER FLOOD: Thank you, Mr. Clerk. Are there any corrections for the Journal? []

CLERK: I have no corrections, Mr. President. []

SPEAKER FLOOD: Thank you. Are there any messages, reports, or announcements? []

CLERK: Your committee on Enrollment and Review reports LB80 to Select File with Enrollment and Review amendments attached, LB94, LB98, LB167, and LB44, and LB115, all to Select File, some of those having Enrollment and Review amendments. Mr. President, your Committee on Enrollment and Review reports they've examined and engrossed LB1 and find the same correctly engrossed; likewise with LB2, LB21, LB24, and LB26, all reported correctly engrossed. The lobby report, as required by statute, to be inserted in the Legislative Journal. Received a report from the Department of Roads, the State Highway Commission quarterly report. That will be on file in the Clerk's Office, available for member review. And gubernatorial appointees to the Nebraska Ethanol Board, Mr. President; those will be referred to Reference for referral to standing committee for confirmation hearing (sic--Natural Resources Committee reports favorably on the appointments). And that's all that I had. (Legislative Journal pages 379-386.) [LB80 LB94 LB98 LB167 LB44 LB115 LB1 LB2 LB21 LB24 LB26]

SPEAKER FLOOD: Thank you, Mr. Clerk. We will now proceed to the first item on the agenda. Mr. Clerk. []

CLERK: LB315, Mr. President, by Senator Janssen. (Read title.) The bill was introduced

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on January 11 of this year, at that time referred to the Revenue Committee. The bill was advanced to General File. I have no amendments at this time, Mr. President. [LB315]

SPEAKER FLOOD: Thank you, Mr. Clerk. The gentleman from Nickerson, representing District 15, is recognized. [LB315]

SENATOR JANSSEN: Thank you, Mr. Speaker, members of the Legislature. LB315 is the annual bill that is needed to update the statutory references to the Internal Revenue Code that are outside the income tax statutes. The bill would amend Section 49-801.01 to the state that references to the Internal Revenue Code means the code as it exists on the effective date of LB315, instead of March 7, 2006. Because the authorization of the Nebraska income tax that is in the constitution specifically allows us to use federal law, changes to the Internal Revenue Code automatically changes our income tax without violating an unlawful delegation of legislative authority constitutional restrictions. In most cases, when the legislation refers to the federal law, it is the federal law as it exists on a particular day, typically, the effective date of the Nebraska bill. Many times, that particular date is specifically shown in the statutes that it is common practice in drafting our statutes. LB315 is another approach that we have used for statutory references to the Internal Revenue Code. The Internal Revenue Code is defined term that applies all across the statutes, except in the Nebraska income tax. LB315 would use updates, these references to the 2007 version of the code instead of the 2006 version. This happens every year, and we have to keep it updated every session. So with that, thank you very much. [LB315]

SPEAKER FLOOD: Thank you, Senator Janssen. There are no other lights on at this time. Senator Janssen waives closing. The question before the body is the advancement of LB315 to E&R Initial. Please record your vote. Mr. Clerk, please record. [LB315]

CLERK: 38 ayes, 0 nays, Mr. President, on the advancement of LB315. [LB315]

SPEAKER FLOOD: Thank you. LB315 has been advanced to E&R Initial. Mr. Clerk, next bill. [LB315]

CLERK: LB344, Mr. President. It's a bill by Senator Burling. (Read title.) The bill was introduced on January 12, referred to the Revenue Committee, advanced to General File. At this time, I have no amendments pending to the bill. [LB344]

SPEAKER FLOOD: Thank you, Mr. President (sic). The senator from Kenesaw, representing the 33rd District, is recognized. [LB344]

SENATOR BURLING: Thank you, Mr. Speaker and members of the body. I stand to introduce to you this morning LB344. It's a very short, very simple bill. What LB344 does

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is merely extend the date for the Tax Policy Review Commission to operate for one more year. When LB542, which created the Tax Policy Reform Commission, was passed, it was anticipated that we might get started functioning in the summer of '06. Subsequently, it didn't happen that way. We were delayed getting started until the first of this month. And so that only gives us about 11 months to do our work if we're to issue a final report in November of '07. And then the date was also in the bill that the commission would sunset in December of '07. And this bill merely extends those dates from November '07 to November '08, and December '07 to December '08. And I believe with everything ready to go now, we'll...it will give us more time to issue the final report and extend the commission to the point where we can give it a better attention, better analysis of the charges we have to do. And I just ask you to support moving this to Select File. Thank you very much. [LB344]

SPEAKER FLOOD: Thank you, Senator Burling. The gentleman from Scottsbluff, representing District 48, is recognized. [LB344]

SENATOR HARMS: Thank you, Mr. Chairman and colleagues. Senator Burling, I have several questions I'd like to ask you, if I may, please. [LB344]

SPEAKER FLOOD: Senator Harms, you want to ask Senator Burling some questions? [LB344]

SENATOR HARMS: Yes. [LB344]

SPEAKER FLOOD: Senator Burling, will you yield to questions from Senator Harms? [LB344]

SENATOR BURLING: Yes. [LB344]

SENATOR HARMS: Senator Burling, could you explain to me who is on this Tax Reform Commission, and how they're chosen, please? [LB344]

SENATOR BURLING: This reform commission has 16 members. There are eight senators on the commission, there are two members of the executive branch, and there are six stakeholders appointed by the Executive Board of the Legislative Council and by the Governor. [LB344]

SENATOR HARMS: Senator Burling, do we have any tax specialists that are on this commission, people who are experts in the field of taxation? [LB344]

SENATOR BURLING: Yes, we do. We have John Anderson, from the university, who would be an example of that; and some other people. And of course, this commission can...is authorized to call in any tax specialist to make presentations to the commission

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any time we want to. [LB344]

SENATOR HARMS: Have you given any consideration now to bringing in an outside expert in the...? [LB344]

SENATOR BURLING: Oh, yes, we already have, and we will continue to do that. [LB344]

SENATOR HARMS: And who were the outside experts that you brought in, and their qualifications? [LB344]

SENATOR BURLING: We've had people talk to us from the Nebraska Department of Revenue, from the Nebraska Department of Economic Development, and so...we've only had two meetings so far. [LB344]

SENATOR HARMS: What I'm really looking for, Senator, is that...looking for tax specialists who are from outside of the state, so that as you begin to review tax policy, that we have people that are independent from the state, that will not be influenced by outside forces, and give us an honest appraisal of what our tax structure is. And if I can go on a little further with this, that's exactly what was done with the comprehensive study that was done by the Syracuse tax study. They brought in experts. It cost the state about \$300,000, and that was a long time ago, to do that study. It was very comprehensive. But the Legislature did not have the courage to begin to introduce that. And I'm here to tell you now that if we would have introduced the findings, or a portion of those findings, we would not be having this discussion about tax policy today. Nebraska would have gotten itself on line where it belonged. And I think that there are controversial findings in that study. If you just get the administrative summary, which they do have, it's...you'll see that they laid a lot of things out. And that's why I'm asking that we need to look at outside experts, so that we can get a really clear and better understanding of people about our tax structure. The second thing I'd like to ask, if I may, Senator, when you define household tax burdens and business taxes, what are you referring to? [LB344]

SENATOR BURLING: We're referring to all kinds of taxes. The state tax code determines how we collect revenue, and so different entities pay different kinds of taxes. And so we'll look at all of the tests, or the applications, qualifications, for what makes up a good tax code, like fairness, simplicity of administration, effectiveness, so on and so forth. [LB344]

SENATOR HARMS: Well, what I'm really driving at here, Senator, is that we know that our property tax is too high. And are we in fact going to address property taxes? And let's go a little step further. Let's look at agriculture. Agriculture is number one in the nation in property tax burden. [LB344]

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SPEAKER FLOOD: One minute. [LB344]

SENATOR HARMS: Thank you. I'm going to punch my light again, if I can. I learned that from Senator Chambers, by the way. (Laughter) [LB344]

SPEAKER FLOOD: Thank you, Senator Harms. The Chair recognizes the senator from District 29. I'm sorry, Senator. I thought you were done. You may continue. [LB344]

SENATOR HARMS: Thank you very much for your kindness this morning. What I'm really wanting us to take a look at, are we going to take on the issue of agriculture? It's the number...it's still the biggest producer that we have. It's the biggest industry we have. And we're not...and I've not seen anything that's truly going to address that issue. [LB344]

SENATOR BURLING: We are set up to address every entity that pays taxes in the state of Nebraska, regardless of the type of tax, agriculture included, property taxes included, all kinds of taxes. We have three subcommittees. One subcommittee deals... [LB344]

SPEAKER FLOOD: Time. [LB344]

SENATOR HARMS: One other final question, if I may. [LB344]

SPEAKER FLOOD: Senator Harms, your light is on. We'll come back to you momentarily. [LB344]

SENATOR HARMS: Okay, thank you. [LB344]

SPEAKER FLOOD: The Chair recognizes the senator from the 29th District. [LB344]

SENATOR FULTON: Thank you, Mr. Speaker, members of the body. Just two quick questions, if the senator would yield to a question. [LB344]

SPEAKER FLOOD: Senator Burling, will you yield to a question from Senator Fulton? [LB344]

SENATOR BURLING: Yes. [LB344]

SENATOR FULTON: There's mention of a preliminary report that was due December of 2006. It sounds as if that probably did not occur. Is that correct? Did the preliminary report occur, or not? [LB344]

SENATOR BURLING: Yes, it did occur. It was very short, but we made the report.

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[LB344]

SENATOR FULTON: Okay. Where can that be found? [LB344]

SENATOR BURLING: It could be found in my office, and we issued it to the Governor and to the Executive Board of the Legislative Council. [LB344]

SENATOR FULTON: Okay, thank you. And secondly, my last question. This moves the deadline...the due date back to November 15 of 2008, correct? [LB344]

SENATOR BURLING: Yes. [LB344]

SENATOR FULTON: Is it possible to get it any sooner? [LB344]

SENATOR BURLING: This moves the final report to November '08. And even though it's not spelled out in the bill, I'm very confident...I will insist that we make a report to the Legislature before next year's session. [LB344]

SENATOR FULTON: Okay, the reason for my question is, I...being a freshman, when I first came in here, the first couple of weeks before the session actually began is when a lot of ideas were being formulated. The sooner this information comes out, it could incite many of us to come up with some creative legislation. And so, the sooner the better, but I thought I'd ask the question anyway. I have no further questions, and I yield the remainder of my time to the Chair. [LB344]

SPEAKER FLOOD: Thank you, Senator Fulton. The Chair recognizes Senator Howard, from Omaha. [LB344]

SENATOR HOWARD: Thank you, Mr. Chair. If I may ask Senator Burling a question or two? [LB344]

SPEAKER FLOOD: Senator Burling, will you yield to a question from Senator Howard? [LB344]

SENATOR BURLING: Yes. [LB344]

SENATOR HOWARD: Senator Burling, I would like some clarification on this tax study. I'm interested in knowing if this is the same tax study that we authorized a year ago? [LB344]

SENATOR BURLING: Yes, this is the commission that we authorized a year ago in LB542. [LB344]

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SENATOR HOWARD: And the amount we allocated, if I remember correctly, was \$250,000? [LB344]

SENATOR BURLING: \$100,000. [LB344]

SENATOR HOWARD: We granted an additional \$100,000 on the floor, if I remember correctly. [LB344]

SENATOR BURLING: The Governor lined that out and put in \$100,000. [LB344]

SENATOR HOWARD: Oh, this is helpful information. So... [LB344]

SENATOR BURLING: When he signed the bill. [LB344]

SENATOR HOWARD: So your operating budget right now is \$150,000? [LB344]

SENATOR BURLING: \$100,000. [LB344]

SENATOR HOWARD: \$100,000. [LB344]

SENATOR BURLING: Yes. [LB344]

SENATOR HOWARD: Thank you. Will this amount increase over this next year. You going to require additional funding to continue the study for another year? [LB344]

SENATOR BURLING: We're not asking for any more money; we're just asking for more time. We probably won't have any more meetings. Meetings are what, you know, cost money. We probably won't have any more meetings. We'll have more time between meetings to gather information, which is what we need to make proper decisions. So we're not asking for any more money, just a little more time. [LB344]

SENATOR HOWARD: How many meetings--and I believe you've mentioned this--how many meetings were you able to have? [LB344]

SENATOR BURLING: We've had three so far, but most of those were organizational meetings; you know, getting a facilitator, electing officers, dividing up into subcommittees, etcetera, etcetera. That's what...and then we had some input. We invited some experts to come in and talk to us. But to get down to discussion and debate, we haven't really started that yet, but that will start with the next meeting. [LB344]

SENATOR HOWARD: Okay. I appreciate that information, and I would also appreciate a copy of the report that you have available. [LB344]

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SENATOR BURLING: Okay. [LB344]

SENATOR HOWARD: Thank you, and I return the remainder of my time. [LB344]

SPEAKER FLOOD: Thank you, Senator. Mr. Clerk, any announcements? [LB344]

CLERK: Mr. President, Banking Committee will hold an Executive Session underneath the south balcony immediately; Banking Committee, south balcony, now. [LB344]

SPEAKER FLOOD: Thank you, Mr. Clerk. The Chair recognizes the senator representing District 34, from Fullerton. [LB344]

SENATOR DUBAS: Thank you, Mr. Speaker. I have a few questions I'd like to ask Senator Burling, if he'll yield. [LB344]

SPEAKER FLOOD: Senator Burling, will you yield to a question from Senator Dubas? [LB344]

SENATOR BURLING: Yes. [LB344]

SENATOR DUBAS: Thank you very much, Senator Burling. As someone new to this whole concept, I do have a few questions that probably will seem simple to most, but not to me. When you establish these commissions, do you establish them with a time line in mind? Do you set up a number of meetings? Do you have a mission statement and a plan to implement whatever you might come up with from this commission? [LB344]

SENATOR BURLING: Well, the original time line was, like I say, November and December of '07. I'm asking that to be extended because we didn't get started as early as we wanted to. Yes, we have a...we're charged in the bill. LB542 explains what we're charged to do. And we have a commission made up, like I say, of stakeholders, Nebraska taxpayers, senators, executive branch people. I hope that answers your question. [LB344]

SENATOR DUBAS: Yes, it does. Thank you very much. As I've visited with constituents and taxpayers across my district, you know, I think they understand the objective of what these various commissions are, but there's definitely a frustration on their part that they see them more or less as just a rubber stamp for the status quo. And so I really think they want to see, if we're going to seriously address these issues, that we come up with answers or solutions, that we're willing to ask those hard questions, and then willing to put those plans into action. So you know, I agree with what the purpose of this commission is, but I really think we need to be aggressive as far as, are we serious

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about finding answers and putting those answers into place? So I thank you very much for your answers. [LB344]

SPEAKER FLOOD: Thank you, Senator Dubas. The Chair recognizes Senator Harms, from Scottsbluff. [LB344]

SENATOR HARMS: Mr. President, colleagues, I guess I agree with the fact that the commission has been established. But my biggest concern for this body is the fact that we've not done any planning. We are not looking at the future. And what I'm concerned about is what we'll have from this...might come from this commission is just another Band-Aid® approach. And what we really need is a long-term plan that truly addresses the issue of taxation. And if you're going to address the issue of taxation, we as a body and as a public have to be prepared to give some things up, because true tax review and a tax analysis should be telling us that we have too many services, and what do we want to give up, and how are we going to be able to address this issue? So I think there's more to this than what we're just looking at today, and that the funding that you have in there is not going to be nearly enough to do a comprehensive review of what everybody wants in Nebraska, is a change in the tax policy, and looking at property tax as the number one issue. I walked my entire district, wore out a pair of shoes, and no one talked to me about sales tax, income tax, and corporate tax. It was property tax, and they want relief. And we dodged the bullet in regard to a constitutional amendment, and we dodged that because Nebraskans said they didn't want people from outside coming into this state and telling them what to do. That ground-root effort is going to happen to us, and when it rises to the occasion, we are going to have a lid put on us. And that's why this commission is extremely important. And I hope they have the right intent, and I hope they bring back some directions that tell us what we need to be doing in the planning process to correct the issues that this state has. Thank you, Mr. President. [LB344]

SPEAKER FLOOD: Thank you, Senator Harms. The Chair recognizes the senator representing District 11. [LB344]

SENATOR CHAMBERS: Thank you. And Mr. President, members of the Legislature, this morning I'm going to put myself squarely in "Harms' way." This is one of the most outlandish, ridiculous, preposterous wastes of time and money that has come before this Legislature in a long time. Read the language of the bill. You've got a lot of generalizations that take you nowhere. There have been studies galore on these issues, if they would just reevaluate and study those studies, for which tens of thousands, maybe even hundreds of thousands of dollars in total, have been spent on. What are they for? I'd like to ask Senator Burling a question, because...and while he's getting himself together, I tried to kill this thing last session, and as a favor to Senator Burling, some people voted for it. Senator Burling,... [LB344]

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SPEAKER FLOOD: Senator Burling, will you yield to Senator Chambers for a question? [LB344]

SENATOR BURLING: Yes. [LB344]

SENATOR CHAMBERS: Senator Burling, if you recall, who requested that you bring this idea last session? [LB344]

SENATOR BURLING: Who requested? [LB344]

SENATOR CHAMBERS: Yes. [LB344]

SENATOR BURLING: It was my idea. [LB344]

SENATOR CHAMBERS: Who drafted the bill? [LB344]

SENATOR BURLING: Well,... [LB344]

SENATOR CHAMBERS: Come on. [LB344]

SENATOR BURLING: Myself, and the Bill Room, and... [LB344]

SENATOR CHAMBERS: Senator Burling, you didn't come up with this language. Who gave you this language? Level. There are bills that I bring, and if somebody gives me an idea, I don't mind acknowledging where the idea comes from. Who gave you this language? [LB344]

SENATOR BURLING: Well, there were several of us that sat down together and just kind of came up with it, and... [LB344]

SENATOR CHAMBERS: I'm going to say like the owl: Who? Who? Who? [LB344]

SENATOR BURLING: Well, I...that's been two years ago. I don't remember who we all were. [LB344]

SENATOR CHAMBERS: Thank you, Senator Burling. Does that let you see what I'm talking about? Why cannot a person, in a straightforward way, say with whom he worked? I don't believe Senator Burling has forgotten who gave him this language. He thinks that if he tells you who gave him the language, that in itself will turn you against the bill. We should insist on full disclosure on this floor. You know why they started so late? Because in the Exec Board, I wasn't interested in putting this nonsensical commission, or whatever it's called, together. We voted and voted and voted and voted, and couldn't get five votes for people. Then finally, out of desperation, people started

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saying, well, we've got to give somebody the votes to get them on this commission. Laughter, while we were considering it. A waste of time. Senator Burling barely got on the commission, and he was the one who brought it. People on this floor are not forthright. We need to stop doing things as favors to people when we're spending the taxpayers' money and creating the illusion that something is being done when nothing is being done. What does this mean when we look in this bill and it says, on page 2, in line 8,--this is just something at random--"Examine household tax burdens and business tax burdens as compared to the United States as a whole"? Compared to the United States as a whole? With all the differences in the individual states, regions of the country? But that sounds good to the mentality of those who sit in legislatures. We continue: "and states having demographics similar to those of Nebraska and recommend improvements." Improvements to the United States as a whole? To these other states? To Nebraska? Senator Harms said the only thing people in his district are interested in is lowering property tax. So suppose this commission comes back with something that doesn't say, lower property tax? You think that Senator Harms is going to change his mind? This is a waste. It's pointless. And I'm going to do everything I can this session to kill this bill. [LB344]

SPEAKER FLOOD: One minute. [LB344]

SENATOR CHAMBERS: There has been nothing generated that can be presented as a basis to continue this. Senator Raikes is an economist. Is he on the floor today? Well, he may not be here right now. But I'm going to make a statement that is sound, and I'm not an economist: Do not send good money after bad. Do not send good money after bad. These new people, running around, telling the people who sent them down here, we're going to do something about taxes. Governor is talking about giving a tax increase... [LB344]

SPEAKER FLOOD: Time. Senator Chambers, you may continue. [LB344]

SENATOR CHAMBERS: Thank you, Mr. Speaker. Executive budget, 2007-2009 biennium. Waste of money on all this paper. Who reads the whole thing? Governor Dave Heineman, State of the State Address. Who reads that? Executive budget in brief. You already know, in general, what you're going to do when we get to the budget. But you have to go through all this expenditure of money, this wastage. So while you all are running around, misleading the people who were tricked into voting to send you down here, that you're going to cut taxes, and you, one of the first things out of the gate, you're going to waste money on a nonsensical, worthless commission, and tell the people in your district what it's about. Let them read it, and they'll say, why, I sent you down there and you're going to swallow that? Who do you need to tell you what needs to be done about taxes in Nebraska? There are not 2 million people who live in this state, and we don't have sense enough collectively, and with the staff that we have in Research, with the availability of agencies--whose information you might have to take

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with a grain of salt, but part of our job is to be able to evaluate and analyze--we need somebody, a group of people, to sit around and say, yeah, you know one thing something needs to be done about taxes? Well, what do you think we ought to do about taxes? Well, I can't speak for anybody else, but I think we ought to lower them. Well, how are we going to lower the taxes? Well, I'm going to lower Senator McDonald's taxes by making Senator Stuthman pay more. That's a good idea, because look at the two of them--which one's taxes would you lower? (Laughter) My seatmate. And whose taxes are you going to raise? Why, Senator Stuthman. He's got...if you don't...if you haven't noticed, he got great big, broad shoulders. If Senator Stuthman's height matched his shoulders, he'd be as tall as I'd be if my height matched my feet. I would be seven feet, two inches tall, and it would take at least two or three more feet in height for Senator Stuthman. Don't feel sorry for us; we delight in short jokes, because each of us is short. And he will hit me, on occasion, with something that I wish I had thought of. But that's what they're going to say: Stop these from paying taxes over here; make somebody else pay them over there. You know that when you give away the store to these big corporations, that the amount of money the state is going to need to operate is not going to diminish. So if you have to continue bringing in revenue for the state, and all we have are the sales tax and the income tax, if the corporations are not paying theirs but we have to keep the same amount in the tub, those others who are paying taxes have to pay more. So why will a governor support giving breaks to these big shots? Because they're the ones who contribute to campaigns. And as for the rural people, I feel sorry for them. I have tried to overcome resistance from senators who are down here representing the rural area. I have to overcome their resistance to my getting money for them. Last session, there was some kind of rural initiative, and I was going to get them \$100,000 or \$150,000 so the program would at least look... [LB344]

SPEAKER FLOOD: One minute. [LB344]

SENATOR CHAMBERS: ...somewhat credible. I argued on the floor and said, you gave everything to Omaha. And you know why I had to argue that way? Because they were coming to me and said, well, Senator Chambers, we like this, but we agreed with the Omaha senators that we wouldn't ask for any more money. I said, "any more"? You don't have any. You gave them everything. And I'm willing to run interference for you, and I will make the Legislature give you this money or their budget won't move. Well, we'd like to, but we can't. I say, well, will you at least stay out of my way and let me do it? Well, we can't...I said, then have it your way. I'm not going to help you do anything again. Then I think about the poor, misled people in the rural areas, who thought they were sending people to look out for their interests, and I recanted, relented. And to help the people, I'm going to still do what I can to help the people in rural areas, in disregard of the people on this floor, who haven't got two brain cells working when it comes to insisting on something... [LB344]

SPEAKER FLOOD: Time. [LB344]

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SENATOR CHAMBERS: ...for their people. Thank you, Mr. President. [LB344]

SPEAKER FLOOD: Senator Chambers, this is your third time. You may continue. [LB344]

SENATOR CHAMBERS: And I'm just getting warmed up. But I'm going to have plenty of opportunities to speak on this bill, because I'm going to offer some amendments, and we're going to stay on this bill. You all want to waste money? Then you're going to find out that time can be a way to stop you from wasting money, because I'm going to take your time. The more time I can take from you on craziness like this, the less damage you can do to the public. Have you read the bill? Have you read it? If you were compiling a road map for a commission to study, would you have done it like this? Take it to a high school English teacher. Well, they teach civics still. And let the kids look at this and say, that's what the Legislature is going to spend money for, and see what these kids think. And if the kids are not that familiar because they get inferior education in Omaha and throughout the rest of the state at the high school level, take it to some college kids, especially in an economics class. Let them look at this. And they'd say, that's what we've got down there in that Legislature? That's what we've got down there in the Legislature? And you know what these kind of bills make me say, from time to time? If people come down here with a thimbleful of brains, why should I expect from them a bushel basketful of sense? This is a travesty. Let the thing perish and be buried. But you guys, some of you, are going to have to feel that you got to do something for Senator Burling, because you feel sorry for him. Senator Chambers was so mean to Senator Burling, because he's up there talking about, we ought to be careful how we spend money. Well, Senator Burling wants the bill. He brought one last session and got it. We should have killed it. But we didn't. I tried. Senator Burling was sitting where Senator White sits now. And I think that because they don't allow asbestos to be utilized anymore, he couldn't get enough asbestos to put in his britches, and the heat got to be a little more than he wanted to contend with down here, so he got as far away from me as he could get, because he couldn't bump some of those farther behind him. You know why I'm doing this and being as blunt as I am? We're doing the public's business. Think about those promises you made when you were running. Then you get here, and fear takes over. It's easy to say things on the campaign trail, because in your mind you might even be saying, they won't know what I'm doing; I'm not going to do this; these dumbbells won't have any way of knowing that I'm tricking them. And on the other hand, there may be some people who were very sincere in everything they said, and the only place where they strayed and went too far was when they suggested that they could come down here single-handedly and turn things around. But their honest intent may have been to try to make some changes. Then they get down here, and some piece of trash like this comes up--I call legislation what it is--and they say, well, I know what I said, but I got to go along with this. Why? Can you take this back to your constituents, those who understand a little bit about money and the value of money, and justify our

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keeping in existence a commission like this, which we could scarcely get enough people on in the first place? I thought... [LB344]

SPEAKER FLOOD: One minute. [LB344]

SENATOR CHAMBERS: ...that the whole thing would collapse, because as late as we were in putting people on it, they wouldn't have time enough to do any damage, and the thing would go away. Then here comes Senator Burling, like Bela Lugosi: I have a bill which I want you to help me with. He wants to resuscitate this thing, and I don't, and I'm far from through with it. Thank you, Mr. President. [LB344]

SPEAKER FLOOD: Thank you, Senator Chambers. The Chair recognizes Senator Wallman, from Cortland. [LB344]

SENATOR WALLMAN: Thank you, Mr. President, members of the body. Thank you, Senator Chambers. And I am on the same page as Senator Chambers. I don't think we can keep throwing money around to study this, study that, and nothing seems to happen. And my constituents, and as a former school board member, I can also attest to, you give money here and there, and it always seems to perpetuate more money. And it's not a tax savings, it's a tax increase, no matter how you cut it. A hundred thousand here, a hundred thousand there; pretty soon, what do you have? A million dollars. And does \$1 million bother you, \$100,000 bother you? I don't know. But it bothers me to spend money for something as a study that we should have known to do better before. So why throw good money after bad? It's up to you people here, but I am on the same page as Senator Chambers here, (laugh) and maybe not always. But I appreciate people like Senator Harms and that speaking out, because it's pretty easy to pass something that sounds good, feels good, but it's probably not good. And thank you. [LB344]

SPEAKER FLOOD: Thank you, Senator Wallman. The Chair recognizes the gentleman from Wilbur. [LB344]

SENATOR KARPISEK: Thank you, Mr. President, members of the body. I...one thing that really caught my attention was Senator Harms' idea, or his telling us about wearing out the shoes on his feet. I didn't do so much walking, but I agree with him. A study is great, but we've had this study now for a year. How long are we going to study this? We have 22 new members here, and a few other members that have been out campaigning. We are the people that have been gathering information for the last year and a half or two years. And what did I hear? Just like Senator Harms said, absolutely, property taxes. That is what we are concerned about. And I would like to ask Senator Chambers not to waste our time. We do have 22 new members here that we think we have some good ideas. I know a lot of people are worried about the lobby, the influence they are having on us. Senator Chambers is a heck of a lobby, and he can tell us what

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he thinks. We can agree or disagree. But I think we all know he holds a lot of power here, and I am very happy to listen to him and agree or disagree. But I don't think that we need to try to push legislation that we know isn't going to happen, or know is going to waste time. Let's sit down, have a cup of coffee out in the lobby, and let's talk about it out there, not in here, wasting more time and more of the taxpayers' money. Again, I am not opposed to studies. I will...I have a bill for a study this year on property taxes, because I don't want to just jump in with a bill that I don't know is going to work or not work, and make things worse on property taxes. That's why I'm having my bill come forward. If the body doesn't like my study, please amend it, please kill it. That's why we're here. So I thank you, Senator Chambers, for standing up for what is right. I think we realize we're not here to waste time. I'm not. I want to get something done and help my constituents. Sure, the lobby is important. But you know what? The lobby is back at home, too. And if you don't lobby them, they're not going to send you back here. Thank you, Mr. Chair. [LB344]

SPEAKER FLOOD: Thank you, Senator Karpisek. The Chair recognizes the gentleman from Elkhorn...or, I mean, Omaha. (Laughter) He's not in the Chamber at this time. The senator from Platte Center, you're recognized. [LB344]

SENATOR STUTHMAN: Thank you, Mr. Speaker and members of the body. One of the things that I have a real deep concern is, is with studies and the results of studies, you know. Are they really worth it? And I will tell you that I do serve on this committee of the Tax Policy Reform group, and I think, you know, the fact of the time, it does take time to, you know, to get some results of it. But initially, when I looked at it, you know, spending the \$100,000, when we get all done, you know, are we going to save \$100,000? And in the discussion that we've been having, you know, people are really concerned about property tax. Property taxes are assessed locally, collected locally, and spent locally. That's what property taxes are. And I think up until the individuals in the communities are willing to give up a service or come up with something that they don't need, that is going to be property tax relief; or if the state is going to be paying more of their property tax bill. That is the only way you can have property tax relief. You know, I just keep listening. You know, this commission has been going for a while already. I attended several of the meetings of it already, but there haven't been very many. And it is a burden to attend these meetings, because of the situations that the majority of us are in. We have our own business to run. So that is a concern. But giving it another year, you know, maybe help. But what's going to happen in another year? Are we going to come up with an answer? Is the answer going to save \$100,000? If it's only going to save \$100,000, we spent \$100,000. And that is a real concern of mine. And I...those are my comments, and I'll give the balance of my time to Senator Chambers. [LB344]

SPEAKER FLOOD: Senator Chambers. [LB344]

SENATOR CHAMBERS: Thank you, Mr. President. Thank you, Senator Stuthman, not

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only for the time, but for your comments. The public may not realize that the state does not levy property taxes. The constitution took that away from the state. We will not raise one penny of anybody's property tax. And sometimes politicians are a bit disingenuous. I'm going to try to not use words that sound so harsh, but which will nevertheless get across the same idea. They will be disingenuous and suggest that there's a way to get the state to act so that property taxes will lower. But that is not going to happen, unless those senators want to come here and have us enact a law limiting the amount of property tax that can be assessed and collected. And some people might say, yeah, yeah, that's good. But I want to see the politician who will do it, because if that politician gets it done, then in his or her community, when they go for these things that they're accustomed to having their city or their county or their school district, or whichever taxing agency is raising money by property tax has to say, we can't do that anymore, then those people will say, well, why? Well, you know, I had promised to lower property tax, so I got the Legislature to pass a law so that these entities cannot raise the property taxes. Well then who's going...where are we going to get the money to keep these things going? Well, heh heh,...that's when they kind of lower their head and they start shuffling their feet, and they say, well, you just have to do without, because the only place we were getting money from was property tax,... [LB344]

SPEAKER FLOOD: One minute. [LB344]

SENATOR CHAMBERS: ...but you said you wanted the property tax lowered, and I did the only thing at the state level I could; I'm not letting them raise as much property tax. They don't hear that now. What they are aware of is that they are feeling a pinch because things that they were receiving in the form of services or whatever no longer will be available. That's why the other day I was saying, we have to exercise our judgment and make decisions, because although we come from districts, we're described as state senators, not district senators. And that's why I will continue helping rural people, even if their senators don't want me to. They are a part of the state. Everybody is. And if we can make the entire state healthy, then everybody in the state is going to have his or her health improved along with it. Some things will be difficult because we have to break out of the status quo mold and make changes. And we'll find they're not as painful as we thought, and they will produce a more wholesome result than we... [LB344]

SPEAKER FLOOD: Time. [LB344]

SENATOR CHAMBERS: ...at first believed possible. Thank you, Mr. President. [LB344]

SPEAKER FLOOD: Thank you, Senator Chambers. Mr. Clerk, are there any amendments to this bill? [LB344]

CLERK: Mr. President, I have a motion to indefinitely postpone, offered by Senator

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Chambers. Senator Burling, you'd have the option to lay the bill over or take it up at this time, Senator. [LB344]

SENATOR BURLING: Take it up. [LB344]

SPEAKER FLOOD: Senator Chambers, you are recognized to open on your motion to indefinitely postpone LB344. [LB344]

SENATOR CHAMBERS: Thank you, Mr. President. To be blunt, this is a kill motion. Now I am assuming the role of Dr. Van Helsing. I have a sharpened stake, and I have Dracula in my sights. But I need help. I can provide the stake, I'm willing to place the stake, and I'm willing to strike the first blow, but I need some additional assistance, and that can be s-t-a-n-c-e, and s-t-a-n-t-s: "assistants" in the form of individuals, "assistance" in the form of help to get this done. This kill motion, if adopted, will end the discussion that we're having, this bill will die, and that commission will cease to be, based on the date that's in the law now. Nothing of value has come from that commission. The meetings have been very few. They had to scramble like crazy to find what was called a facilitator. They can't even get it going. And that, in a way, gives you an idea of what it's going to come with. Haste makes waste. They're running just to be able to make a report in order to make a report. How many of you are going to alter your view that property taxes need to lower? How many of you, who will be called all kind of terrible things because you believe that maybe children in poverty, single-parent families, whether the parent is a male or a female, who cannot get a job paying enough money to earn a living wage, ought to be able to turn to the state for some kind of help? One reason--I have a lot of them--I don't believe in all that praying before the Legislature; they don't any good. I watch your conduct. They don't affect your conduct. There are a lot of people in here who are Catholics. I have a Catholic education. I went to a Jesuit university. I graduated from a Jesuit university. I graduated from Tech High, which did not have a high academic reputation, and I graduated on time because I was given a half a credit for having played football, or something like that. So I graduated on time. And I went to Creighton University because it was within walking distance of my house, rather than go to what was then Omaha University. And I went to Creighton, and I took the entrance exam, and they were astonished and thought somebody graded it wrongly, because I scored so high I wound up in what they called honors English. Creighton was easy for me. I took all of these philosophy courses, which in fact were Catholic theology, misnamed philosophy. So I picked up on what Catholics are supposed to believe. Society has an obligation to its members. There should be a level established which constitutes a point below which a person cannot be considered to be living in decency. There should be adequate housing, adequate sustenance, the availability of medical care, all of those essentials that go into making a person able to live with a sense of self-respect, the ability to provide for himself, herself, and their family. Yet, when we come to this Legislature, I don't see any of that reflected. So why do you all even talk about religion and have all these prayers? They don't mean

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anything. They're stopped by that ceiling. So the words sound good, just like the words about reducing taxes and cutting government sound good. Then you come up with something like LB344. It was no good in its inception. It has been no good having been voted into law and signed by the Governor. Why would he sign something like this? He's the one who wants to cut taxes, and he...this couldn't be the law if he didn't sign it. But the Governor doesn't get blamed. You know who gets blamed? Those 49 lunkheads down there. Then you know what they hasten to say? Well, I'll leave Senator Chambers out of this, because he tries. I take my lumps down here. I take so many lumps down here, new brothers and sisters, that I identify with the soccer ball. And I share empathy with anybody else who feels for the soccer ball, because all it's for is to be kicked. But my job is to have a thick skin. I know the nature of politics. And every time one of these bad bills comes along, I'm going to do what I can to prune it from the Christmas tree of legislative unwisdom. If this thing goes away, the state is not harmed. But you cannot establish that if it stays another year, the state and the people will benefit. What are they going to tell you? Some people say taxes are too high. I could come up with all kind of jesting statements that you've heard a thousand times. But the thing about it, every one of them would have a kernel of truth. And that's why they would be amusing, humorous, or outright funny, because they draw into sharp focus the ridiculousness of certain situations that exist. And that's what makes it funny. There's an incongruity. So what I'm offering you this morning is the opportunity to kill this bill and limit the amount of discussion I will do on this bill. But I intend to demonstrate at the outset that I will fight these kind of things, even though somebody might say, there's not that much money involved. You know why they wound up with as much money as they did last time? I offered an amendment. It was designed to kill the bill, because the Governor was talking about saving money. But if they were not going to kill it, there should have been enough money to at least make a credible start. So when I don't like things but I see they're going to go and it's going to have the stamp of the Legislature, at least put enough in the pot to cook something. The whole thing is a waste. You know, when you get old--not many of you are in that boat with me--you're entitled, old folks are, we're entitled to have moods. And as I say, I feel a mood coming on. I don't have those "senior moments," because I think that's when you're supposed to not know where you are, and you're supposed to slobber on yourself, and be that stereotypical person who's lost your bearings, your orientation, and they say, oh, I never want to get old like that. They make a lot of jokes about us old folks, don't they? But what I'm trying to do is break the mold and show that you can become old without becoming moldy. You don't have to say, because I'm 60, 70, or 80...and you don't know which of those I am, but I'm certainly not as young as 60. It's a number. It means what you let it mean. You can keep your intellectual sharpness, if you had any. And if you don't have any, it's not too late to get it. Nature gives us what we need to survive in an environment. And if it's hostile, the potential is within us to find the means to survive in the hostile environment. If we don't use the brains, nature is going to take away what we're not using. But if we use it, nature will cause it to gain strength and greater facility, and you can get smarter as you get older. But if you accept the notion that when you get old, you're worthless, you need

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people to cart you around, to talk... [LB344]

SENATOR McDONALD PRESIDING [LB344]

SENATOR McDONALD: One minute. [LB344]

SENATOR CHAMBERS: ...about you as though you're not present, and when they acknowledge your presence, they either talk real loud because you can't hear or understand, and they break things down so that a three-year-old child can understand it, because now you're returning to your origins. And that's what this society does. Oh, they make a lot of statements about senior citizens, because they don't want to call us old. Calling me that doesn't stop me from being old if I'm old. So we change the language without changing the attitudes. What I want to do this morning, though, is find a way to kill this bill. Thank you. Oh, thank you, Madam President. [LB344]

SENATOR McDONALD: Thank you, Senator Chambers. Senator Fulton. [LB344]

SENATOR FULTON: Thank you, Madam President, members of the body. There's some...I'm listening here, and I'm recognizing that we don't have the authority here to discontinue this bill. That's my understanding. Or, this...I'm sorry, this commission. This commission, it was decided already. What I'm having some problems with is that I don't know that I like that decision that was made sometime back. So this is...I have some questions, I guess, and I'll ask them rhetorically. It was...the preliminary report of this commission stated that there was going to be a facilitator hired. And it is my understanding that there has been a facilitator hired, and there's nothing that we can do about that. There have been two meetings held. There are going to be more meetings held. There's nothing that we're going to be able to do about that. I guess the decision that's before us here is whether we want to have the due date be what the due date was supposed to be in the first place, or if we're going to extend the due date. So these are the questions that I'm wrestling with. I will take this opportunity to talk a little bit about our tax policy. And the argument that's laid forth here is that we...you who have campaigned--I, admittedly, haven't gone door to door--have become experts on what the people want as far as tax relief. And so that would be a reason why I question why this commission should have existed in the first place. So I guess I'm communicating to you that I have some discomfort with the decision that was made in the past, but I have only limited authority to change what's occurring in the present. If Senator Burling would yield to a couple questions? [LB344]

SENATOR McDONALD: Senator Burling, would you yield to some questions from Senator Fulton? [LB344]

SENATOR BURLING: Yes. [LB344]

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SENATOR FULTON: Senator Burling, has there indeed been a facilitator hired? And if so, how much, and can you elaborate on that a little bit? [LB344]

SENATOR BURLING: Yes, there has been a facilitator hired. He's met with the commission once. I don't have that contract right in front of me, but it was approximately \$42,000 for the duration of the commission work. [LB344]

SENATOR FULTON: Okay. There will be more meetings held, correct? I think I heard earlier that there were no more meetings to be held, but I heard erroneously. Could you confirm that there will be more meetings held with the existing funds that have been appropriated? [LB344]

SENATOR BURLING: Oh yes, there will be several more meetings held. And depending upon how much time we have to prepare the final report will determine how often the meetings are held. But there will be another 10 or 12 meetings held. [LB344]

SENATOR FULTON: Could you share, Senator Burling, a little bit, what happens if we decide not extend the due date? This commission will still be bound statutorily by a date that should occur this year. What happens if indeed you are required...this commission is required to submit its final report in November of this year? [LB344]

SENATOR BURLING: What happens then is we just take a look at how much we have to do and the time we have to do it in, and we'll have our meetings closer together. I'm just saying that if we had more time, I think we could do a better job of gathering information, and do a more comprehensive study. But we'll meet more often and it will be more intense if we need to prepare our final report by November of '07. [LB344]

SENATOR FULTON: Thank you, Senator Burling. This is...I guess I want to speak to be able to clarify what decision is before us, and that decision is whether or not the due date is going to be November 15, I believe,... [LB344]

SENATOR McDONALD: One minute. [LB344]

SENATOR FULTON: ...of this year, or November 15 of next year. So if we could bear that in mind as we debate this, that would have some clarity. So I yield the remainder of my time to the Chair. Thank you. [LB344]

SENATOR McDONALD: Thank you. We have an indefinitely postpone motion on the floor. Senator Burling. [LB344]

SENATOR BURLING: Thank you, Madam Speaker...or, Madam...Senator McDonald, thank you. I yield some time to Speaker Flood. [LB344]

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SPEAKER FLOOD: Madam President, Senator Burling, we've had an opportunity to kind of review where we're at in this process, and I've had a chance to talk to Senator Burling. The law as it is now expects a report no later than November 15, 2007. And after speaking with Senator Burling, it's my understanding that with the scheduling help of the Speaker's Office, we will make every effort to make sure that this commission has enough opportunity to meet for enough time during the legislative session. And so it is my understanding that, Senator Burling, you're interested in laying this bill over today, with the knowledge that we're going to do everything we can to make sure the commission, especially the senator members of the commission, can meet with the consultant as often as possible through the rest of the session. It will have you working through the summer. But in your estimation, with that arrangement, can you accomplish the task of having the report ready to go by November 15, 2007? [LB344]

SENATOR BURLING: We will have a report ready, and we'll work more intensely if it's not extended, and we'll have a report ready. [LB344]

SPEAKER FLOOD: Okay. Well, thank you, Senator. It's my understanding that it is your intent to lay this bill over at this time. Is that correct? [LB344]

SENATOR BURLING: Yes, I wish to do that. Yes. [LB344]

SPEAKER FLOOD: All right. Thank you, Senator Burling, for your cooperation and for your assistance. [LB344]

SENATOR BURLING: And thank you, Senator Flood. [LB344]

SENATOR McDONALD: Senator Burling. [LB344]

SENATOR BURLING: I'm finished, thank you. I wish... [LB344]

SENATOR McDONALD: I understand that you would like unanimous consent to lay bill LB344 over? [LB344]

SENATOR BURLING: Yes. [LB344]

SENATOR McDONALD: Any objections? Seeing no objections, we'll pass over LB344. Our next bill, LB305. Mr. Clerk. [LB344 LB305]

CLERK: Madam President, LB305, offered by Senator Fischer. (Read title.) The bill was introduced on January 11 of this year, at that time referred to the Revenue Committee. The bill was advanced to General File. I do have committee amendments pending, Madam President. (AM98, Legislative Journal page 368.) [LB305]

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SENATOR McDONALD: Senator Fischer, to open. [LB305]

SENATOR FISCHER: Thank you, Madam President, members of the body. LB305 would require the sales and use taxes from leased motor vehicles, trailers, and semitrailers, that they be credited to the Highway Trust Fund. Currently, the sales and use taxes for motor vehicle sales have gone to the Highway Trust Fund, but the sales tax on leased motor vehicles has been credited to the General Fund. LB305 would send all motor vehicle sales taxes to the Highway Trust Fund. The bill had no opposition at the hearing, and it advanced to General File on a 7-0 vote. As you are all well aware, the funds available to the Highway Trust Fund are projected to be significantly lower in the foreseeable future. Lower levels of gasoline sales due to higher prices, and a growing preference of car buyers for more fuel-efficient vehicles, have resulted in fewer funds for our roads improvements. In Nebraska, we fund our roads primarily from three user sources: first, fuel taxes; second, sales taxes on motor vehicles; and third, motor vehicle registration fees. Sales taxes from leased vehicles should be a part of that funding system. In 1967, the leasing of vehicles was rare. That is not the case today. People who lease vehicles use our highways, and the sales taxes generated from those leased vehicles should go to the Highway Trust Fund. There are...there is a committee amendment that Senator Janssen will be addressing that talks about the issue on short-term leasing. Thank you, Madam President. [LB305]

SENATOR McDONALD: Yes. Senator Janssen, with committee amendments. [LB305]

SENATOR JANSSEN: Thank you, Madam Chairman, members of the Legislature. Committee amendments to LB305, on page 2, lines 17 and 20, after "lease," it inserts the language: for a period of more than 31 days. This takes out the rental cars that you rent for a short period of time. That's all the amendment does. We felt it was necessary to do that so that there was no intention of a rental car that you get at the airport for a couple of days, something like that. That's the size of the amendment. Thank you. [LB305]

SENATOR McDONALD: Senator Pedersen, would you like to comment on this bill...on this amendment? [LB305]

SENATOR PEDERSEN: Thank you, Madam President, members of the Legislature. No, I do not want to comment on this bill, but I do need my colleagues' attention for a couple of minutes. And I hate to use the legislative time for this. The comment that was made a little bit ago about Omaha and Elkhorn I need you to know is not a funny comment if you live in Elkhorn. I have hundreds of people that are emotionally sick over what's going on here. It's like laughing at a funeral as far as I'm concerned. It is not funny. Do we have a hope? There's a little bit of hope. Elkhorn isn't the only people I represent. I represent more Omaha people than I do Elkhorn. But I'm just asking you, please do not rub salt in the wound. Thank you. [LB305]

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SENATOR McDONALD: Senator Hudkins. Senator Hudkins waives. Senator Chambers. Senator Chambers waives. Senator Synowiecki. [LB305]

SENATOR SYNOWIECKI: Thank you, Senator McDonald and members of the Legislature. I just felt...I don't know where I'm going to go on LB305. Let me say that clearly. But I think, as a member of the Appropriations Committee, I need to make sure that everyone is fully aware of the impact that this bill has on our General Fund. This is a significant ticket item. The impact to the General Fund revenue for year '08-09 budget is in excess of \$12.5 million. Now, this will indeed compete with a lot of people's objectives that they came down here, in reference to what you want to see done this year in the Legislature, in terms of, for instance, a tax decrease. Senator Harms spoke very eloquently about the property tax problem in rural America...in rural Nebraska. Senator Harms, you're going to have about \$12.5 million less to work with. And I understand there are some property tax ramifications with this, relative to county and cities. But nevertheless, you're talking about a significant item. Some people want to do something in income taxes. You will have \$12.5 million less to work with relative to income tax ramifications. This will impact your ability to deliver relative to income taxes, relative to property tax relief for our citizens. This is a significant fiscal impact, and combined with what has occurred--and I'll defer to the Chairman of the committee if he wants to get into this deeper, Senator Heidemann--with TEEOSA aid. We have a significant impact there that the committee needs to address. Apparently, there was an error in the formulation rate on the Governor's side of things. I know there's some people in here that want to look at investments, and secondary education, university budget is an important aspect to the budget for some people in here. Community colleges, State College System. You just need to be aware that this bill right here impacts our General Fund ledger at \$12.5 million; \$9 million this year. Some individuals want to do some things in child welfare system relative to subsidies in childcare and so forth. I don't know where I'm going to go on LB305, but I thought that perhaps as a member of the Appropriations Committee, that we are fully cognizant of the ramifications of this bill. Whether your interest is in tax relief, whether your interest is investments, further investments in some of our systems, this will impact it by \$12.5 million in the second year of our budget. Is roads important? Do we need investment in roads? Yes, of course, obviously we do. But members, you need to balance the interest with this bill relative to all the other areas that are important to us. And I know property tax relief is important. I know some individuals are looking at an income tax package. I know some individuals are looking at higher education. Just be advised, be advised, this bill will compete, this bill will compete with them interests. Thank you, Senator McDonald. [LB305]

SENATOR McDONALD: Thank you. Senator Raikes. [LB305]

SENATOR RAIKES: Thank you, Madam President, members of the Legislature. This

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was a bill that I had an opportunity to consider in Revenue Committee. And I would remind you that the committee amendment that's up now is...as Senator Janssen explained, reduces the financial impact. I don't know that it's shown on the fiscal note just exactly how much. I don't believe that's been done yet. But this confines the transfer to long-term leases. The thought, I think, on the part of the committee, was that these long-term leases are used pretty much as...in lieu of purchasing a vehicle. Sales tax on purchases have traditionally gone to the Highway Trust Fund. So if there is a new arrangement, namely a lease, that in effect does the same thing but a different way, then to be consistent, sales tax on those leases should also go to the Highway Trust Fund, which is what was done. We do not put in the Highway Trust Fund sales tax on tires or sales tax on batteries or other repairs for vehicles. So any sort of a short-term, shorter-term, or repair or maintenance item, that...the sales tax from that is kept in the General Fund. And we wanted to preserve that distinction, and that's where we went. So I don't minimize at all Senator Synowieki's point. I think it's very well taken, and you should understand that this does in fact significantly impact the General Fund monies available. Now, if I could get on yesterday's horse, which is, we need more money for the Highway Trust Fund. I don't dispute that. But on the other side of that, we do not do things that are going to require more expenditures from the Highway Trust Fund to either build or maintain roads, like making trucks heavier so they tear up highways worse. I hope enough is said. Thank you. [LB305]

SENATOR McDONALD: Thank you, Senator Raikes. Senator White. [LB305]

SENATOR WHITE: Thank you, Madam Speaker, and I would appreciate that the members of the Legislature understand that this bill will not pass at this point. What the hope is, is that we will put together a series of possibilities for consideration later around April. And what we hope to do, from my perspective, out of the Revenue Committee, is to give this body a group of choices to rationalize our tax system, to have the information from Appropriations as to what the spending needs are, but to advance to a point where we can consider a broad range of bills that will hopefully bring a rational basis to our tax system. For myself, this was a bill I voted to advance out of committee because the tax that we are talking about did not arise intentionally. The bill that was passed was passed at a time when no one leased cars. The intent of the Legislature had always been that the sale of cars should go...the funds should go to roads. The economy grew away from that, and so we have an unintentional shift of money from the road fund to the General Fund. That is not to say we shouldn't keep that, but it shouldn't happen without specific consideration. Please know, I am a property tax person, a very strong property tax person. That is where I will probably come down when we make the choice. But even though I am there, I should not make that choice for others. All this bill does, at this point, is put this particular item on the menu for those who may prefer it. I thank you, and I yield my time. [LB305]

SENATOR McDONALD: Thank you, Senator White. Senator Heidemann. [LB305]

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SENATOR HEIDEMANN: Madam Chair, fellow members of the body, just to touch on a few things, some things that Senator White has touched on, and Senator Synowiecki. We are starting the process of looking about, what are we going to do with the state's money? This is not a small amount of money by any means. But as the process moves forward, I think we as a body need to set our priorities. And there's nothing wrong with that, because we all have to find out what our priorities is and then what we think is the best priority for the state to move forward. Another thing that I'm going to touch on, and Senator White touched on this just briefly, that any bill that has an impact to the General Fund cannot move forward and be passed, on at least Final Reading, until the budget has passed. So if we pass this bill today, or any other bill that has a fiscal impact, it cannot move forward until the budget is presented and passed. So all these bills can move forward to a point and be put off to the side, and then at that time, we can look and see where our priorities are at, and move those bills that have A bills forward. Something to remember. Now, talking directly to the bill, I will let you know that this...for me, this is a considerable amount of money. We're looking at priorities. I will let you know, on General File I am going to support this bill, at least on General File, and then we're going to come back and probably have a broader discussion on Select File. To me, I believe this is something we need to look at, and to let everybody be aware of what this bill does, at least in my recollection, or how I look at it. Is there a significant property tax relief inside of this bill? You are looking at \$3.245 million per year that will be given to counties; another \$3.245 million given to cities, for a total of \$6.4 million given to cities and counties that can be considered a possible property tax relief. And I believe that this bill should be looked at somewhat for that purpose. The other thing that I believe that is good, that we...right now, this year, there is a shortfall in the amount of money that's going to roads. This can be a help with that situation. Once again, I will support this bill on General File, and I'm sure we'll have discussion down the road some more. I yield my time back to the Chair. [LB305]

SENATOR McDONALD: Thank you, Senator Heidemann. Senator Wightman. [LB305]

SENATOR WIGHTMAN: Thank you, Madam President, members of the body. I again rise in support of the statements that were made by Senator Synowiecki, and also serve on the Appropriations Committee. I'd love to see all of this money, or some of this money, go into the highway allocation and the Highway Trust Fund. But I echo his sentiments with regard to a massive transfer of \$12 million out of the General Fund and into this trust fund. If you'll remember, and I think all of you know that the Governor has suggested that we hold spending increases to 3.8 percent. I think you should know what \$12 million is in the way of a percentage of our General Fund budget. Assuming that we're about \$3.1 billion, which is normal--and I think they taught us this in our orientation classes--that \$30 million constitutes almost one percent of that budget. So if we transfer out \$12 million out of the General Fund, that will be about .4...at least, between .3 and .4 percent of the total budget. So if we're looking at a 3.8 percent

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increase, this alone would get us up to a 4.2 percent increase. So I...it would be my opinion that this bill should be killed at this time, and that...or it should be indefinitely postponed, rather than even at this point considering increasing an expenditure item or a loss of revenues to the General Fund in the amount of \$12 million, or almost .4 percent of 1 percent of our budget. Thank you. [LB305]

SENATOR McDONALD: Thank you, Senator Wightman. Senator Janssen. [LB305]

SENATOR JANSSEN: Thank you, Madam Chairman, members of the Legislature. I just want to allude a little further on what Senator Heidemann was talking about. The Department of Roads gets 53.3 percent of the revenues from this project, and the Highway Allocation Fund gets 46.67 percent. And of that, 50 percent goes to the cities, and 50 percent to the counties. So you see, it's not all going directly to the Department of Roads. The larger share, 53.3 percent, goes to the Department of Roads; and pretty close, 46.67 percent goes back to cities and counties. I just wanted to make sure that people understood that. Thank you. [LB305]

SENATOR McDONALD: Thank you, Senator Janssen. Senator Synowiecki. [LB305]

SENATOR SYNOWIECKI: Thank you, Senator McDonald. I appreciate the discussion, appreciate Senator Wightman's comments. I might editorialize, he's doing a fantastic job on the Appropriations Committee, as well as Senator Fulton, and Senator Harms as well. Very appreciative of their hard work on the Appropriations Committee, and very appreciative of the fact that you're cognizant, as we deliberate here on the floor, some ramifications that may happen with this bill. I want to underscore, I might ultimately, as Senator Heidemann indicated, support the bill. I don't know. But I think there's issues that need to be discussed. These are heavy issues. We're talking about over \$12 million General Fund impact. And I know other people here have other priorities. Some people have property tax relief priorities, some individuals have higher education priorities. I just want to emphasize that this is a competing interest. This is a competing interest. Senator Janssen, would you yield? [LB305]

SENATOR McDONALD: Senator Janssen, will you yield? [LB305]

SENATOR JANSSEN: Yes. [LB305]

SENATOR SYNOWIECKI: Senator Janssen, you alluded to the fact that the highway monies are suffering a bit. Is that in direct correlation to, the price of gasoline was significantly inflated over the last, say, 18 months, and the amount of gasoline was not purchased? [LB305]

SENATOR JANSSEN: I...yes. I know I conserve on the amount of gas that I use, and I think everyone in this state has, since the price of gasoline has increased, especially

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over the summer. As you see now, though, the price is coming down, and I think you're going to see more people take a little vacation even though it is in the wintertime. You know, they may drive to Arkansas or wherever they go in the wintertime. I go south every winter also; I come to Lincoln. So that's as far south as I can get. But no, you're correct, you're going to see more usage of fuel. Especially in the wintertime, there aren't as many trips, but you run your cars a little bit longer, your vehicles longer. I'm sorry, I'm taking up too much of your time. I'll shut up. [LB305]

SENATOR SYNOWIECKI: You're fine, Senator Janssen. I know the price of gasoline has resurrected utilization of bicycles and whatnot. Unfortunately, it's apparent, it hasn't impacted me in that fashion. But my point being is that, Senator Janssen, as the price of gasoline fluctuates, so does the fund. And we have realized here, quite recently, gas dipping at the retail level below \$2 a gallon, and there's a potential or a possibility that it may dip even more. And that provides, perhaps, an opportunity for the fund to recover. Is that a correct analysis? [LB305]

SENATOR JANSSEN: That's a fair analysis, yes. [LB305]

SENATOR SYNOWIECKI: So I think that's something else that we have to remember here, that the amount of revenue that comes to these funds that would be funded through this legislation fluctuates. And right now, right now we so happen to be in a pattern where the Highway Trust Funds are suffering a bit. And there's a direct correlation, as Senator Janssen has pointed out, to the price of gasoline and the revenue flowing to these funds. Is this a temporary situation? As Senator Janssen kind of pointed out, yeah, probably, because we had gas at an all-time high. I mean, my lifetime I don't remember paying \$3 for a gallon of gasoline. And obviously these funds suffered. But there is the opportunity perhaps to recover. And I don't know if it's a knee-jerk decision by the Legislature to forfeit \$12.5 million to our General Fund at this time as a reaction to that, temporary dip in the amount of money coming into the Highway Trust Fund or not. That's a judgment call you got to make. But if you make that call... [LB305]

SENATOR McDONALD: One minute. [LB305]

SENATOR SYNOWIECKI: Excuse me? [LB305]

SENATOR McDONALD: One minute. [LB305]

SENATOR SYNOWIECKI: Okay, thank you, Senator McDonald. If you lock yourself into supporting this bill on General File, you know, there's ramifications to that, to supporting something on General File and backing off. Not too many people do that too often, quite frankly. So it's something for you to think about. And I don't know where I'm at on the bill but you're talking about forfeiting \$12.5 million of General Funds to what might be a

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temporary situation in these Highway Trust Funds. Thank you, Senator McDonald. [LB305]

SENATOR McDONALD: Thank you, Senator Synowiecki. Senator Nelson. [LB305]

SENATOR NELSON: Madam Chairman and members of the body, I also am a member of the Appropriations Committee, along with Mr. Harms and Synowiecki and Wightman. And I think I am standing here in support of Senator Heidemann and his comments that, at this time, we really ought to advance the bill. We will have time later on to take a look at it in comparison with other suggestions and bills. It shows that, as members of the committee, we all have a difference of opinion at this time. But I, like Senator Synowiecki, am not quite sure where I am on this bill at the present time. But I would support advancing it and moving it on and then holding it in reserve. And I cede any additional time to the Chair. [LB305]

SENATOR McDONALD: Thank you, Senator Nelson. Senator White. [LB305]

SENATOR WHITE: Thank you, Madam. I will vote to advance this bill so that the issue may be preserved for a proper discussion at that time. Please know that I will not necessarily vote for the merits of it at that time, but to not advance it now does not serve the process well. We will kill the discussion on an issue that should be preserved. Please vote to advance this bill so that, at the proper time, we may have a complete and comprehensive discussion over what type of property tax relief, what type of funding issues we should address. Thank you, and I will yield the rest of my time. [LB305]

SENATOR McDONALD: Thank you, Senator White. Senator Carlson. [LB305]

SENATOR CARLSON: Thank you, Madam Chair, rest of the body. I want to comment on a good point made by Senator Synowiecki, that this may be a temporary situation as far as the Highway Fund is concerned. We don't know if it's temporary or not. Therefore, I think it's important that we advance the bill to keep it in a position where, two months from now, we can make the best decision possible. And I yield the rest of my time. Thank you. [LB305]

SENATOR McDONALD: Thank you, Senator Carlson. Senator Chambers. [LB305]

SENATOR CHAMBERS: Madam President, members of the Legislature, I'm not going to do the Legislature's work on every bill. We have three stages of debate; General File, Select File, and Final Reading has become a debating stage now. The appropriate time to do the heavy lifting on a bill is General File, right where we are now. If people don't have enough information to satisfy them that this is a good bill, it ought not be voted for. Form should not be elevated over substance. This bill can be bracketed to a day certain. If you think that by March you're going to know more than you know now, then

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bracket it until a day in March. And then it can be unbracketed and then the discussion can be had. But if you're going to say, okay, the first stage of debate is where the bulk of discussion should occur but because I'm not really prepared on this bill, I'm not going to require the debate occur here, I'll advance it to the next stage of debate, which is Select File. Most people are going to find out that with their responsibilities growing rather than lessening, they will have even less time than they had up to this point, and they're going to rely on others to make a decision for them. And the argument will be made again. Well, we can always refuse to pass it. So we'll advance it onto Final Reading because, under the rules of the Legislature, we can make a motion to bring it back to Select File to amend it. But while we're on General File, you can offer any amendment that you want. You can amend an amendment. On Select File, you can do that. But if you advance it to Final Reading and you bring it back to Select File, you can only offer what's called a specific amendment. The only thing that can be discussed or debated, that can be voted on, will be the specific or precise amendment that you offer. So if you bring it back to Select File and you look at the amendment that you agreed to bring it back to attach to the bill and you say, wait a minute, this amendment is not quite as well-drafted as it should be, so I'm going to offer an amendment to it, well, you can't--it's out of order. The only thing you can do is vote that amendment up or vote it down. If you vote it down, then the bill is readvanced to Final Reading unless people decide, well, I don't even like this bill so I'm not going to vote to advance it. So then it stays on Select File. The consequences of actions ought to be taken into consideration. What Senator Heidemann said about the budget bill having to go first, that is pursuant to the rules of the Legislature. Any rule adopted by the Legislature can be suspended by 30 votes. So these things that people say are true as far as they go. But these are not things written in stone. They're written in rules which can be suspended and they are routinely, when we deal with certain matters, suspended. I'm going to let you all handle this bill. See, this is one that I refer to, with all due respect, as white folks' mess. You all can argue and scrap and snarl at each other, and it's not going to amount to a hill of beans. [LB305]

SENATOR McDONALD: One minute. [LB305]

SENATOR CHAMBERS: What are you going to do with the bill? You're going to lower property taxes, you're going to give money here and take it from there, or what you're going to do. Well, you're just not sure. That's why you don't want to have to be responsible for casting a vote on the merits of the bill, because you don't know what the bill is going to do. So you say, well, the easy thing is to just send it on over there. You will not lose the opportunity to debate this bill if you don't advance it today. I have just a couple more things I want to say, so I'll turn on my light, Madam President. [LB305]

SENATOR McDONALD: Thank you, Senator Chambers. Senator Harms. [LB305]

SENATOR HARMS: Madam Chairman and colleagues, I have some mixed emotions

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and think Senator Chambers brings out some really good things. But as I look at it in the Appropriations Committee, my views have changed tremendously since we've been looking at agencies and looking at the price and the cost of everything. Twelve million dollars is a phenomenal amount of money when we are now starting to look at how to balance that budget, how to bring in a reasonable budget, and how to figure out just exactly where we're going to be able to cut and where we can show our constituents that we've taken the responsibility that they have given us in an honest manner and that we are willing to cut the taxes. And so as you look at this particular bill, that is truly going to take \$12 million out of the General Fund, it to me is huge, particularly once we're in the Appropriations Committee and we're starting to wrestle with that decision, because it is not easy and the hard decisions are on their way. And then for every dollar we add that's trailing with A bill just makes that decision more difficult for us and for you when that budget comes in here. So I hope you'll take those things into consideration, because \$12 million is a lot of money and right now we're still struggling with trying to see how we're going to be able to bring this along. And I know there are a lot more A bills that are coming that are going to trail, that we're going to be confronted with. And this debate and this argument is not over, folks. We'll be coming back and it is going to be an issue. And so I hope you'll give that consideration as you look at it, because it is going to take money away from other areas. [LB305]

SENATOR McDONALD: Thank you, Senator Harms. Senator Fischer. [LB305]

SENATOR FISCHER: Thank you, Madam President, members of the body. If I may, I'd like to go back to what the concept is in this bill. And I'm very happy that I could have the first bill up before you that deals with an A bill and how that process works. LB305 deals with having the sales tax from leased motor vehicles credited to the Highway Trust Fund. Currently, that money goes to the General Fund. As you know, the money that goes into the Highway Trust Fund is how we fund our roads in this state. Whether it's through our fuel taxes, our sales taxes on these motor vehicles, or the motor vehicles registration fees, that's how we build roads. We don't appropriate money from the General Fund for highway construction. As I said earlier, in 1967 when the sales tax was implemented, the Department of Revenue made the decision at that time that these leased vehicles would go into the General Fund, the money from the sales tax. Since that time, more people are leasing vehicles; times have changed. The amendment deals with leased vehicles 31 days or less. That money will continue to go into the General Fund. What we're talking about there are car rentals. If you go into an airport and rent a car, whatever company that may be from, that that money will continue to go to the General Fund. I believe this is appropriate. People who lease cars for over 31 days, and we all know or possibly ourselves, we do lease vehicles now instead of purchasing them. I think the sales tax from those vehicles should be going into the Highway Trust Fund because those are user fees. I have learned...we don't have a current fiscal note because of the committee amendment, and a fiscal note won't come out until after that amendment is approved. But I was told by the committee counsel that

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that will probably lower the fiscal note by approximately \$3 million. Yes, we're still talking about \$9 million. Out of that \$9 million though, a half-cent of the five and half cents will go to the Highway Allocation Fund; that money goes directly to cities and counties. Out of the five cents that will go into the Highway Trust Fund, 46.67 percent of that goes to cities and counties. What remains out of that five cents that goes into the Highway Trust Fund, that goes for state highways, is 53.3 percent. I won't speak for Senator Heidemann, but I believe when he stood up and was speaking about property tax relief, that's what he was trying to tell you. The half-cent goes completely to cities and counties and 46.67 percent of the five cents goes to cities and counties. It is up to those local entities then to decide what to do. But back to the concept on this bill, as I said, I believe it is right. I believe it is appropriate... [LB305]

SENATOR McDONALD: One minute. [LB305]

SENATOR FISCHER: ...that the sales tax from those leased vehicles be put into the Highway Trust Fund to be divided as I mentioned previously, because we are dependent in this state and as citizens of this state, that we fund our roads basically through those user fees. Thank you, Madam President. [LB305]

SENATOR McDONALD: Thank you, Senator Fischer. Senator White. And Senator White, this is your third time. [LB305]

SENATOR WHITE: Thank you, Madam Chair. First, as another product of Jesuit education, I would like to let you know that surely there are a lot of Jesuits across the country deeply smiling at Senator Chambers' eloquence. They feel proud of their ability to teach, though I'm sure they do not claim responsibility for the results. The second thing I would like to observe is, there are many ways, many ways in which a person can make decisions. For example, if you are going out this weekend for a fine dinner, I would advise you to wait before you decide what to eat until you see the menu. This simply preserves your choice to decide, when the menu is presented, what you prefer. For example, there is a proposal that will be coming forward, hopefully, for your consideration, that we should relieve all property taxes on automobiles. Now how does that compare with this provision? I do not know. I don't know the merits of that. It has not yet been presented to our committee. And I cannot tell you whether that is preferable to this because I can't compare them. What I suggest is this body assemble the options just like a menu, reserve judgment until they can be compared, weigh them against the needs that Appropriations states are most important, and then we make the decision. This too is a legitimate, responsible way of making decisions. I know Senator Chambers has legitimately said we should consider, we should think, we should talk before we act. I do not say that we should suspend that. But I do say premature judgment, deciding the merits of one option before the others are fully before you, is not the best method of critical thinking. Thank you, Madam President. [LB305]

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SENATOR McDONALD: Thank you, Senator White. Senator Chambers. [LB305]

SENATOR CHAMBERS: (Laugh) Madam President, members of the Legislature, I was over here in a high-level discussion in the culture corner and I didn't hear what my colleague, Senator White, said, but he's over there grinning like a Cheshire cat. He must have taken my name in vain. (Laughter) But at any rate, I want to go back to what I was talking about. The reason I'm not going into the merits or demerits of this bill is because I want to just talk about the process here so you won't think that if a bill is not voted forward today, that it's not going to have another opportunity to be voted on. Now if it were killed today, obviously, it wouldn't have. If the body thinks that it ought to go forward, I'm not going to lose any sleep over it. I haven't even formulated my view on this bill other than that I'm against it. The Highway Trust Fund is not sacred to me. It's not. Senator Warner is the one who really kind of got that aura built up around the Highway Trust Fund, and he happened to have been married to a lady who was involved with roads and the people who build roads and things like that. But the Highway Trust Fund is not sacred. To me, there are things more important than the Highway Trust Fund. And when one of those things comes along, money can be taken out of the Highway Trust Fund and used for that which has a higher priority, just as the Legislature has taken money from other funds. But the highway builders apparently have some power. How does a special interest group get power that is translated into influence over legislative body? They'll campaign for you or against you. And those are the things that cause senators to act, in many cases. But right now, I'm not even talking about that. I'm just talking about a bill about which some people have questions, as I've detected from listening. If the senators think that their questions can be adequately answered, then advance the bill with no qualm of conscience. But here's what you have to understand about this process. Arnie and I were talking about it over here and he made a very good point, which I neglected to mention before. When the bill gets to Select File, which is the second stage, if you're not attentive, if you haven't put amendments on the bill or motions to hold it up, that bill will be advanced on a voice vote. They'll say, LB305 and whatever happened to it and then whoever is Chairperson of E&R will move that the bill be advanced, and the Chair will say, all those in favor say aye, and there will be a few sleepy ayes, all opposed say nay, and the only ones who will vote nay sometimes would be me and on occasion Senator Stuthman, but the bill will be gone. Then it comes up for Final Reading and people might pay attention. They say, wait a minute, is this that bill on taking the money from new car sales and lease vehicles? Uh-huh. How did it get way over here? Well, it was voted over. I didn't vote for it. Well, you sat there and didn't vote against it. So that's the process; you blinked and it was over. Well, what do I do now? Learn from that and pay attention next time. Maybe this bill has enough significance to cause people to pay attention as it moves forward, if it moves forward. I'd like to ask Senator Fischer a question. [LB305]

SENATOR McDONALD: Senator Fischer, would you yield to Senator Chambers?  
[LB305]

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SENATOR FISCHER: Of course, Madam President. [LB305]

SENATOR CHAMBERS: Senator Fischer, did you introduce this bill or the committee? [LB305]

SENATOR FISCHER: I introduced... [LB305]

SENATOR CHAMBERS: It was introduced by... [LB305]

SENATOR FISCHER: I introduced this bill on...it is my own bill. I introduced it for myself. [LB305]

SENATOR McDONALD: One minute. [LB305]

SENATOR FISCHER: It is not a committee bill. It went before Revenue. [LB305]

SENATOR CHAMBERS: In my book, I'm looking at LB27, but this is your individual bill? [LB305 LB27]

SENATOR FISCHER: Yes, that is correct. [LB305]

SENATOR CHAMBERS: Okay. Did you consult with somebody in deciding that this was a source of money to go into the "sacred cow" fund? (Laughter) [LB305]

SENATOR FISCHER: I consulted with a number of people that this would be a good source of money to go into the "sacred" Highway Trust Fund. [LB305]

SENATOR CHAMBERS: And if it does not go there, what is the worst thing that can happen? And I'm not going to argue with your conclusion. [LB305]

SENATOR FISCHER: I think the worst thing that would happen is we would be making a mistake in viewing policy and how that fund should be funded. I think a mistake in not advancing this bill would be that our highways, maintenance and construction, would continue to deteriorate and we would have a number of unmet needs in this state. A number of senators have come to me with projects that they want in their area. That's not going to happen now. [LB305]

SENATOR McDONALD: I'm sorry, your time is up. Thank you, Senator Chambers. Senator Synowiecki, and this will be your third time. [LB305]

SENATOR SYNOWIECKI: Thank you, Senator McDonald, members of the Legislature. You know, I'm not going to argue at all with Senator Fischer's philosophical backdrop

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relative to user fees, that these cars are on the road. It may indeed be appropriate that these funds from these leased mechanisms should perhaps go to the Highway Trust Fund because of the impact they have on our roads. But what I'm not going to do is commit on General File. I'm not going to do a record vote on General File to forfeit \$12.5 million of General Funds, because we have a lot of priorities. I know members of this Legislature have a lot of priorities relative to budget interests. So I will not, unlike Senator White--and I respect what he's going to do. Another way you could leave this bill around is not advance it. And I will probably not vote at this juncture--keep it alive but yet just not advance it, because I don't want to commit; I don't want a record vote in the Legislature this early in the session forfeiting \$12.5 million of General Funds. Senator Fischer, would you yield, though, to a question? [LB305]

SENATOR McDONALD: Senator Fischer, would you yield to Senator Synowiecki? [LB305]

SENATOR FISCHER: Of course I will, Madam Chair. [LB305]

SENATOR SYNOWIECKI: Senator Fischer, you and Senator Heidemann both alluded to the potential or the likelihood of some property tax relief. Are we putting...are you talking about a potential amendment where we require that any money that goes to counties, that they likewise then lower their local levy proportionate to the amount they get through this vehicle? [LB305]

SENATOR FISCHER: I have no amendment proposed like that, Senator Synowiecki. [LB305]

SENATOR SYNOWIECKI: How...so you have presented to the Legislature that this is a mechanism for property tax relief. What assurances can you give that property taxes on the local level will be lowered proportionate to what comes in through this bill? [LB305]

SENATOR FISCHER: But it's up to the local political subdivisions that receive these funds, just like under LB904 that we passed last session. The money from LB904, that half-cent that went to cities and counties, that was designated for street and highway construction within the city and county. It was up then to that city or county, that political subdivisions, by their local decisions, if they would in turn lower their general fund budgets to reflect the increase that they would receive from that half-cent. [LB305]

SENATOR SYNOWIECKI: So there are no assurances of property tax relief. It could be that cities and counties, as you eloquently spoke to, could have unmet needs relative to road maintenance and that this money will simply fill that unmet need. But if that's indeed what these monies will be used for, it will not translate to property tax relief. I mean, I don't want members of the Legislature to be misguided and to think that a vote for LB305 translates into immediate property tax relief in their local subdivisions. It does

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not, it does not. There's no attached language here that indicates that, proportionate to the amount of money you receive, you likewise decrease your property tax levy. There is no such language in this bill and I want members to be assured of that and know that it's probably very unlikely, because we're talking about not a lot of money when you talk about all 93 counties here. It's probably unlikely that this bill translates into property tax relief. It will probably maintain or help out with some unmet needs in the local area. Now your decision is before you now. Do you commit on General File a vote green? You are saying, on record, you are saying that you're committing \$12.5 million away from the General Fund. [LB305]

SENATOR McDONALD: One minute. [LB305]

SENATOR SYNOWIECKI: Thank you, Senator McDonald. And again, I want to reiterate and remind and advise members of the Legislature, particularly new members that have some issues relative to tax cuts. I know a lot of you are very interested in bona fide true tax relief, property tax relief. This bill is not true bona fide local tax, property tax relief. It is not. Some of you are interested in legitimate property tax relief. Some of you are interested in income tax relief. Some of you are interested in the university system, community college system. Some of you are interested in our state college system. Some of you are interested in childcare issues. You just have to weigh that. And if you want to commit on General File, you're committing at the General File level to \$12.5 million away from the General Fund for those other purposes. Thank you, Senator McDonald. [LB305]

SENATOR McDONALD: Thank you, Senator Synowiecki. Senator Gay. [LB305]

SENATOR GAY: Thank you, Madam President. I would like to speak on this issue in support of advancing this. Many good points have been made. Senator Synowiecki is absolutely right. This does not guarantee a local property tax deduction. The money would go to the counties. And let me speak from just, again, an experience I had, 12 years county commissioner working closely with cities on roads funding. So when I speak on this, no immediate relief unless they use it properly. Now if you go and increase your infrastructure and improve your infrastructure, long term you can have some real serious property tax relief because of the growth. If you believe in your county or your city that you want to promote some economic development, I think this is a good tool. This is an easy decision for me because I think it's very supportive of, if you can build an infrastructure or continue to improve your infrastructures, what this would do, this money would go to your local roads, then vote to advance this. Now another situation, it will take from other programs that we're all going to be discussing later on. And again, to me, this is an easy decision because I do think when you move this money, it will be a shift. You're going to put it on the local property tax, give them some relief, let them make a decision. If you're for that, I think this is an appropriate measure to do that. Senator Fischer alluded to more and more leased vehicles. That's absolutely

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true, too. I don't know how many people in this body that are buying or leasing, but that is an upward trend. So the revenue is being lost on those particular...as we shift to that. So I would just say I'm going to vote to advance this proposal, and I would encourage you to do the same. I appreciate the discussion and the learning experiences that we're getting here, appreciate that. But I do believe that we should go forward with this. It could help your local communities, counties, cities, whatever, and we need to make sure we do have the assets there, because in this environment, what's happening, it's getting harder and harder to maintain these roads, you know, build new roads. If you want to build new roads...it's hard enough to maintain what you've got. If you want to build some new roads, you better give the counties and cities some assets to do that, and I think this would be an appropriate measure to do that. Thank you. []

SENATOR McDONALD: Thank you, Senator Gay. Senator Chambers, and this will be your third time...oh, I'm sorry. Excuse me. It's Senator Karpisek. Have to wait, Senator Chambers. [LB305]

SENATOR KARPISEK: Thank you, Madam Chair. Our names are similar, I guess. I would just like to bring up that roads are important to our state, and I think that's what Senator Fischer is trying to get us to understand here. Senator Chambers brings up the lobby again on this. To me, it has nothing to do with the lobby, Senator Chambers. It has to do with safety and economic development in my district and across the state. It deals with rural and urban. We hear about the Antelope Valley project. We hear about gravel roads. We hear about every different kind of road in the state. I'm not for the lobby on this. I'm worried about my people driving on roads that aren't safe. And the "sacred cow" of the trust fund seems to not be very sacred because I think there's always somebody in that moving the money around. I will agree with Senator White that we do need to look at things a little farther down the road. But my concern is, how are we going to keep that money in those accounts and not pull out of it until our roads are so decrepit and so unusable that we have to start from scratch? I think we need to keep up putting money in. I don't know that this is the best way to do it. I don't know how I feel right now on the bill. But Senator Chambers, all of us are not just here for a lobby, the lobby. We also have some moral standards, so let's try to just get at the situation here. Thank you, Madam Chair. [LB305]

SENATOR McDONALD: Thank you, Senator Karpisek. Senator Chambers. And Senator Chambers, this will be your third time. [LB305]

SENATOR CHAMBERS: Thank you. Madam President, members of the Legislature, maybe by me using the term "sacred cow," my colleague who makes sausage thought I was talking about a moral issue. This one is not a moral issue. This is just where the money is going to go and where you're going to take it from, and he will find out the power of the road building lobby before it's over. I'm just running the red flag up. You can ignore it. But you're going to find out, and the rest of you are going to find out, that

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this Legislature is run by that lobby. You come down here and you think you're going to do this and you're going to do that, and they'll tell you, you got this bill, we'll kill this bill and we'll fight you in your next election. And then suddenly you go, oh, so that's what he's talking about. I've been here 37 years. You know what the lobbyists used to do when I first got here? They used to sit under the balcony. And I ridiculed the Legislature for letting them sit there and they could smoke on the floor at that time, too. And I put so much heat on them, the lobbyists decided that may not be the best place. So then they were moved to that balcony behind the chamber and nobody could sit up there except the lobbyists. And I called it the "buzzards' roost" and I'd look back at them and I'd say, now, I don't know the difference between a buzzard and a vulture or whether they're the same, but that's where they roost. And that was off-limits to the public. And you're going to tell me these lobbyists don't have power? You come down here after I've done a lot of heavy lifting. I know what they are and you're going to find out. Not just you, but the rest of you. What do you think they get paid for? When they invite you to a dinner, you think they're feeding you because you look malnourished? (Laughter) They want something from you. And you're going to become what I have dubbed "Captain Lunch-Hunters." You're going to be hunting lunches all session. And if your wife or your significant other is able to do a little stitching, they're going to cut that seam in the back of your britches and put a triangle in there so the waist can be made bigger without all of your pants being made bigger. You're going to start wearing bigger coats. And some of you are going to start walking around with your coats unbuttoned, not because you want to be casual. That girth just cannot be contained in that coat anymore. And you're lucky that the head doesn't swell in the same way that the rest of the body does when you eat a whole lot of food. But here's the point I'm getting to on what we're talking about here today. You'll probably advance this bill. Go ahead. I don't even care what you do with it today because if I develop an attitude against it, I will do what I can to stop it. But you won't know how to stop it and you dare not try, because there will be people pulling that string on you. As we go on, this ought to be dubbed "Pinocchio's Legislature." Why? Because it will be a puppet legislature. Maybe I'll stop telling you all things, just let you find out on your own. Bump your head. If a bill is important, you don't have to debate it at all, you can let it go. You can let it move to Final Reading on a voice vote. Then you can vote for it on Final Reading without knowing what it is. One of the requirements of being in the Legislature is not that you be intelligent. You don't have to be intelligent to be here. You don't have to have education to be here. I don't even think I see in the constitution where you have to be able to read and write. And in the old days, they had Final Reading because some of the people sitting in the Legislature could not read. That's where Final Reading came from. There are reasons behind this stuff that is done. You have to be a certain age, you have to be in a certain district from which you intend to run, and you have to be outside the penitentiary. [LB305]

SENATOR McDONALD: One minute. [LB305]

SENATOR CHAMBERS: And that's about it. And you can come down here. So this is

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not considered by anybody to be a distinguished institution of government peopled by distinguished people. We are held in contempt. We are the butt of everybody's joke. And sometimes we justify that. But you all can do whatever you want to, (laugh) whether I give you permission or not. And sometimes when I tell you, don't do this, you're going to do it. When I tell you, do this, you're going to do the opposite. But it's fun being in the Legislature on occasion and not so much fun on others. But I'm going to watch and see how you all do on this, but I might offer a motion to bracket the bill. But before I do that, I'm going to talk to Senator Fischer. Thank you, Madam President. [LB305]

SENATOR McDONALD: Thank you, Senator Chambers. Senator Kruse. [LB305]

SENATOR KRUSE: Madam President and members, thank you. I support the bill and I will continue to support the bill until, as it's been indicated, we have a chance to look at it in Final Reading and see how the total perspective is. I really appreciate the discussion that's gone on. I think it's important because it's really not so much on the bill as it is on philosophy. But I'd like to speak to that philosophy, especially from the view of Appropriations. There's a little bit of fog out there, and we need to think about it clearly. This bill is not about the budget. It's about revenue. We will find very few opportunities to reduce taxes that do not add to the budget, especially when we care about property taxes, which we care about. When we cut property taxes by adding to the aid to the locals, it adds to the budget. I think all of us like the sound of a 3.8. But if we do it from the budget point, it's going to go way past that, and then we're going to have endless interpretation that we didn't really increase the base budget past the 3.8. A lot of that was property tax relief. Here's one that doesn't show up that way, and we'll have a few others that don't show up that way. I think we need to take a particular look at it and keep that option open. I believe that we are on the right track when we look at property tax relief. I believe that's where our people are, and I think the people understand this. Now can we guarantee that the locals will hold the budget? That question has been raised by Senator Synowiecki and others. No, we don't have any guarantee, but I have some trust. I've known a great number of county board members and I never found one that was willing to spend a nickel if he could put it in his pocket. I don't think we have a bunch of spendthrifts out there in terms of county boards. I would not feel the same way about this if it was the local schools. It's not knocking them, but local schools have all kinds of needs that our good work may just disappear into the sand. But community colleges, county boards, those who are carefully watched by the public can be trusted to do some relief on property taxes if we can get them a little bit of help. Therefore, I strongly support this as a feasible reduction to property tax that does not really hurt our General Fund budget. Thank you. [LB305]

SENATOR McDONALD: Thank you, Senator Kruse. Senator Fischer. Senator Fischer waives. [LB305]

SENATOR FISCHER: No. (Laugh) [LB305]

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SENATOR McDONALD: No, all right. Senator Fischer. [LB305]

SENATOR FISCHER: Madam President, I call the question. [LB305]

SENATOR McDONALD: The question has been called. Do I see five hands? I do. The question is, shall debate cease? All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk. [LB305]

CLERK: 28 ayes, 2 nays to cease debate, Madam President. [LB305]

SENATOR McDONALD: Debate does cease. Senator Janssen, are you recognized to close? [LB305]

SENATOR JANSSEN: Thank you, Madam Chairman, members of the Legislature. Committee amendments, all it does is takes out the portion of the amendment that takes out the leases of the agreement and actually...well, while we're talking about that a little bit, that does lower the amount by about \$3 million that would go to cities and counties from this fund. So that's the amendment and does take the short-term leases out. So with that, I hope you can vote for the committee amendments--makes it a better bill. Thank you. [LB305]

SENATOR McDONALD: Thank you, Senator Janssen. You've heard the closing on the committee amendments. The question is, shall the committee amendment to LB305 be adopted? All those in favor vote aye; those opposed vote nay. Have all voted who care to? Record, Mr. Clerk. [LB305]

CLERK: 40 ayes, 0 nays, Madam President, on adoption of committee amendments. [LB305]

SENATOR McDONALD: The amendment is adopted. [LB305]

CLERK: I have nothing further pending on the bill at this time, Madam President. [LB305]

SENATOR McDONALD: Yes, Senator Nantkes? [LB305]

SENATOR NANTKES: Madam President, friends all, good morning. This is my first time on the mike so please, I apologize in advance for any ineloquence. But I really appreciate the thoughtful discussion from my colleagues in the body this morning, and I really do believe that this is an important dialogue point for us--this bill provides that. And there really is more shared and common ground amongst us on these issues. And we need to have a serious dialogue in this state about what our priorities in state

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government really are. And at the end of the day, there are some core functions like public education, a strong public education, kindergarten through college--including our community colleges, our state colleges, and my beloved university system. Public safety is one of the core functions that state government has to address. Another core function is roads and infrastructure, which helps to drive our economy--sorry for the bad pun--and helps us in our economic development efforts which, at the end of the day, those of you that know me outside of this body and on this floor know I'm a passionate advocate on poverty issues and helping families achieve self-sufficiency. How do we do that? Through strong economic development programs. Roads help us in that regard as well. I think at the end of the day it's important that we start this dialogue about what our core functions are and what can be eliminated within our state budget to ensure that we can carry out meaningful tax relief and reform. We can meet our obligations for strong public education, public safety, roads and infrastructure, and economic development. With that, I yield the balance of my time. [LB305]

SENATOR McDONALD: Thank you, Senator Nantkes. Senator Synowiecki. [LB305]

SENATOR SYNOWIECKI: Thank you, Senator McDonald. I would ask Senator Kruse to yield. [LB305]

SENATOR McDONALD: Senator Kruse, would you yield to Senator Synowiecki? [LB305]

SENATOR KRUSE: Yes. [LB305]

SENATOR SYNOWIECKI: Senator Kruse, as a member of the Appropriations Committee, I thought perhaps I'd give you a chance to clarify the statement that you said in your last speech, that this would not impact our General Fund budget. When we're reaching out with LB305--and again, I'm not necessarily against this bill, I want to reemphasize that. I may, in the end, vote for this thing. But nevertheless, for a member of the Appropriations Committee to present to this body and to state on the record that this bill has no impact on our General Fund appropriations, I'd like you to explain that. Because with the amendment, we've narrowed a bit, the impact will be a little bit more narrow. It will be \$9 million that is now flowing to the General Fund and will no longer flow to the General Fund. Is that your assessment of LB305? [LB305]

SENATOR KRUSE: I stand by my statement, Senator. I said this does not affect the budget. It does affect revenue, and there are lots of things about revenue. There's the reserve funds and all the rest of that. But in terms of writing it into the budget, we don't do that. And I think it's important that we keep that clear in our mind and I know you have it clear. [LB305]

SENATOR SYNOWIECKI: Senator Kruse, if I'm mistaken, I apologize. But I thought you

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said that this bill does not impact our General Fund and it provides property tax relief. My very firm understanding of the bill is, yes, it indeed impacts our General Fund quite substantively. And secondly, this won't provide property tax relief in a literal and a practical sense. There's no way Douglas County or, for that matter, any other county that's going to receive a little bit out of this \$9 million when it's split throughout the entire state, that they're going to lower a levy pursuant to the monies appropriated through this bill. As a practical matter, this is not a vehicle for bona fide true property tax relief. It does impact--if I'm mistaken, you may have said something different--but it does indeed significantly and substantively impact our General Fund appropriation to the tune of \$9 million. And Senator Nantkes indicated, we have other priorities in this state and it's going to have to be a judgment call of what we have to do. But I wanted to make absolutely certain that members realize that this does impact our General Fund. And if you want funding for childcare subsidies or if you want funding for higher education or if you want, on the other side of the ledger, legitimate property tax relief, this will impact that. You need to know that. And I respect the members that may go ahead and vote for this. This is a core responsibility of the state, to provide good roads. Senator Karpisek, I understand and appreciate what you said, and I agree with you. But I just think this is too early in the session to be dealing with a \$9 million impact to our General Fund, because we don't know what the Revenue Committee is going to do with our legitimate tax package. We don't yet know where the Appropriations Committee is at. So it's way, way premature for me to vote on record on a \$9 million item right now. But you guys do what you think you need to do, members. But I just wanted to make it crystal clear and perfectly clear that this is a General Fund ramification, that it may impact other priorities, and that it is not, it is not property tax relief for our citizens. Thank you. [LB305]

SENATOR McDONALD: Thank you, Senator Synowiecki. Senator Chambers. [LB305]

SENATOR CHAMBERS: Madam President, members of the Legislature, I appreciate Senator Nantkes speaking. What really caught my attention was when she referred to the university system as her beloved university system. The president of her beloved university system, President Milliken, is distressed because he feels the Governor is not going to make enough money available to the beloved university system. And it puzzles me why somebody who loves that system is willing to take money out of the pot from which money for that system would come. The General Fund is going to be reduced by this bill. I wonder how...now it's been a long time since I was in a romantic relationship with a young woman. And I'm not one of those old gentlemen who's December 31 trying to mess with somebody who's May 2. But I'm wondering what a woman would think of me if I told her, honey, I really love you, you're in my thoughts all the time, there's nothing I wouldn't do for you. And she'd say, well, Ernie, what I'd like is a new dress, and I saw one at such and such a place and it only cost so much and so much. I say, oh, well it cost so much and so much. You know, honey, I'd really like to get that for you but I got to go down with my bookie and lay a wager, so I can't get you the dress today. Well, you don't love me. Well, yes I do, I said I do. You love your bookie more than you

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love me. I say, why do you say that? Because you have to make a choice. You don't have enough money to buy me the dress and take care of your bookie, so you chose the bookie. So you don't really care about me. So I have to conclude that roads are more important than the beloved university. Only indirectly would these roads do anything. I'm going to tell you all what the problem with Nebraska is. The population is not large. There are some areas of the state where the population is very sparse. You should not run certain roads in those areas even though people have to get from point A to point B. You don't have enough financial resources to do it. Money is wasted on roads in this state because the road builders have a powerful lobby and they'll tell a senator, we'll run a four-lane highway out there so that six people in your area can make it to the interstate. Well, you love that. If there's going to be a comprehensive plan, it should be with reference to whether or not these roads that are being built and maintained ought to be built or ought to be maintained. The thing again about the body, if you gain more weight, more blood vessels are going to be created to nourish that extra weight. So if you have six people there and three people over there, you're going to do like the body does and build roads to those individuals, to those few people? It would be nice if the state could be all things to all people and give everything to everybody that would make them happy. When it comes to the essentials of life--food, clothing, shelter, medical care, education--I'm with you and I'll demonstrate it. But when it comes to all these miscellaneous roads, not specifications, uh-uh. I won't support it. But I know you all will. But remember, when you take money out of the General Fund for one thing, it's not there for something else. So don't talk to me when we get to the budget and UNL's budget or NU's budget, because it's not just UNL. Don't talk to me about there not being enough money and we ought to give more than what the Governor said. The Governor wants this bill. That's probably why he didn't offer a bill to do this. [LB305]

SENATOR McDONALD: One minute. [LB305]

SENATOR CHAMBERS: You all need to find out, as you will as time goes on, that there are certain fingerprints on bills and who really wants the bill and why. If they cared about what's happening in the rural area, we'd put some money into some redevelopment programs based on what is happening in the rural areas. And I'm going to talk about that more and more from time to time. And I think I'll turn my light on again, even if I don't have a chance to speak this morning. [LB305]

SENATOR McDONALD: Thank you, Senator Chambers. Senator White. [LB305]

SENATOR WHITE: Thank you, Madam Chair. I rise one more time to point out there are ways to make decisions. And sometimes, if we do nothing, such as kill this bill, we have in fact made a decision. And let me tell you why. Senator Chambers speaks eloquently that this bill would take money from the General Fund and put it in the road fund. That is an argument based on the confines of these walls. But it does not

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appreciate--not because Senator Chambers does not appreciate it--but he does not bring into the debate the fact that outside of these walls, a decision is being made to regularly take money from the road fund and put it into the General Fund. And that decision is being made every time a citizen of this state decides to lease a vehicle instead of purchase it. If we do nothing, we have made a determination to allow the economy to continue to move funds from the roads into the General Fund. The difference between myself and Senator Chambers on this issue is, I would prefer that we not make decisions passively. I would prefer that we look outside of these walls, recognize what is going on in the economy, recognize that our consumers are, in fact, transferring funds from roads into the General Fund, and make a decision whether or not we should support that. It is not whether I agree with it or not; it's whether or not we should intelligently consider the factors affecting the various funds and make a determination. Thank you for your courtesy, Madam Chair, and I yield the rest of my time. [LB305]

SENATOR McDONALD: Thank you, Senator White. Senator Wallman. [LB305]

SENATOR WALLMAN: Thank you, Madam Chair and members of the body. I too appreciate roads. But when road departments...I live along an expressway. And just a few years later, they had to spend a lot of dollars to fix it. So I figure that's wasted money. And I have a hard time taking money out of the General Fund until our Road Department is more accountable to make roads that last. And it takes a lot of money to build new roads, and everybody wants a good road. And I live along an expressway that's nice. But let's make sure we build roads that last so we don't have to repair, repair, repair. And I have trouble taking money out of the General Fund to know where it's going, and I don't like borrowing money out of the road fund. Don't get me wrong. But I think we have to be very careful where we go here when we transfer money here to there and everywhere. I yield my time to somebody...to Senator Chambers. [LB305]

SENATOR McDONALD: Senator Chambers. [LB305]

SENATOR CHAMBERS: (Laugh) Thank you. And Senator Wallman, I like that designation of me as somebody. (Laughter) I'll accept that as my new nickname. (Laughter) Members of the Legislature, when Senator White mentions that the citizen is making a decision about where money is going, no, the citizen is making a decision about how he or she is going to spend his or her money to meet his or her needs. I'd like to ask Senator Kruse a question because he'll know the answer. [LB305]

SENATOR McDONALD: Senator Kruse, would you yield to Senator Chambers?  
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SENATOR KRUSE: Yes, I think so. (Laughter) [LB305]

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SENATOR CHAMBERS: Senator Kruse, could the Legislature put a surtax on car leaseings and say that that's...the money derived from that surtax would go to the roads fund? Could the Legislature do that? [LB305]

SENATOR KRUSE: Yes, it could. [LB305]

SENATOR CHAMBERS: Now are these cars being leased by poor people or wealthy...by and large, companies, corporations and others who could afford to pay a surtax? [LB305]

SENATOR KRUSE: It really varies according to how many miles they're going to drive. [LB305]

SENATOR CHAMBERS: But if a surtax is put on leased cars, that surtax is going to be paid by people who can afford to pay it, whether they want to or not. Would you agree? [LB305]

SENATOR KRUSE: In general, yes. [LB305]

SENATOR CHAMBERS: Thank you. Members of the Legislature, why don't you do that, instead of taking money out of the General Fund? If you say the roads need money, then put a surtax on these car leaseings and let that money go. But you know why they're not going to do that? Because who's going to pay it? The corporations, and they have power and they say, you better not do it. They got bankers running around here saying that this Legislature dare not give a certain homestead exemption so that people can keep their homes because the bankers want to take their homes, a \$12,000 exemption on your home. And then in a judgment they can take your home. And they are upset because the Judiciary Committee had the nerve, in their opinion, to agree to a \$60,000 exemption for somebody's home. Old people, poor people, \$60,000 is not going to get you much in the way of a home. What I want is an unlimited exemption, and let these people be more careful about trying to entice people into debt that the enticer knows the person can't pay. But if they've got a home, the enticer knows I can get the home that way when I couldn't get it another way. That's what these corporations have the power to do, and it's why the Legislature is not going to mess with them. Bring a surtax on the leaseings and maybe I'll support that. But I'm not going to support this. And I have a little discussion going on with the president of the university that may determine how much I will support the university's efforts down here. But I do think that it makes more sense, when we are establishing priorities to benefit the public at large, to take money from the Highway Fund and put it someplace else than to take money from the General Fund. I'd like to ask...who is somebody on the Transportation Committee? Oh, I see the Chair. Senator, I would like to ask you a question. And that is Senator Fischer I'm addressing, if she will answer a question. [LB305]

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SENATOR McDONALD: Senator Fischer, would you yield to Senator Chambers?  
[LB305]

SENATOR FISCHER: Certainly, Madam President. [LB305]

SENATOR CHAMBERS: Senator Fischer, what limit is placed on the amount...first of all, who can increase the fuel tax as an increase is deemed to be needed? [LB305]

SENATOR FISCHER: Are you speaking about the fixed portion of the fuel tax or the variable? [LB305]

SENATOR CHAMBERS: The variable. [LB305]

SENATOR McDONALD: Senator Chambers, you're now on your time. [LB305]

SENATOR CHAMBERS: Yes, thank you. [LB305]

SENATOR FISCHER: The variable tax portion of the fuel tax is determined by the budget of the Department of Roads in order to meet the needs of that budget. [LB305]

SENATOR CHAMBERS: Senator Fischer, has the Department of Roads periodically increased the fuel tax, the variable portion? [LB305]

SENATOR FISCHER: The variable has been increased, Senator Chambers. I don't believe the Department of Roads, as such, is the entity that increases that variable. [LB305]

SENATOR CHAMBERS: I mean, they put it in their budget and then the Legislature rubber stamps it. Are you aware of any time the Roads Department has come with an increase in their budget and the Legislature denied it? [LB305]

SENATOR FISCHER: I have no knowledge of what's happened in the past, Senator Chambers, with that Roads Department budget. I'm sorry. [LB305]

SENATOR CHAMBERS: But in general, the structure of the law allows the Roads Department to determine through its budgeting process what the fuel tax ought to be, even though the Legislature would have to approve through an appropriation. [LB305]

SENATOR FISCHER: I would disagree with you on the way you phrased your comment. [LB305]

SENATOR CHAMBERS: Phrase it correctly, Madam Chairman. [LB305]

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SENATOR FISCHER: The Legislature, I believe, has the authority in approving the budget of the Department of Roads in setting the variable on the gas tax. [LB305]

SENATOR CHAMBERS: Okay. I agree, I accept the way you phrased it. [LB305]

SENATOR FISCHER: Thank you. [LB305]

SENATOR CHAMBERS: But here's the...what state has the highest gas tax in the country? [LB305]

SENATOR FISCHER: Are you still addressing me? [LB305]

SENATOR CHAMBERS: Yes, ma'am. [LB305]

SENATOR FISCHER: I can't tell you off the top of my head, but Nebraska would be high because that is one of the only ways that we finance our roads. Other states take money from the General Fund. We do not. [LB305]

SENATOR CHAMBERS: But Nebraska is among the highest, the states with the highest gas tax. It's right near the top, isn't it? [LB305]

SENATOR FISCHER: I don't have that information in front of me, but I would be happy to have it on Select File when we discuss this bill. [LB305]

SENATOR CHAMBERS: Thank you, Madam Chairman. I will tell you all, Nebraska is right near the top if not at the top. When the Department of Roads brings something over here, they get it. If you want to see a fund defended more vigorously than any other fund, let it be the...I'm going to talk about the Highway Trust Fund. I've been here and I've seen it. I saw how it started, at least from 1970 when I got here 37 years ago, up until now. It is defended like nothing else in this state. And they get what they want. That's why the taxes are so high. And Senator Wallman is correct about these crumbling, poorly constructed roads. In some areas of this state when you go over a relatively new stretch of the interstate, it's like driving on a washboard. And you see mismatched surfacings on the interstate where they're constructing or widening. There will be a crack that...where two pieces that they're putting together come together and it's noticeable when you drive over it. Over here, asphalt or something, over here, something partly red, and over there, concrete. These roads in Nebraska are some of the most poorly constructed roads you will find in this country because the road builders call the shots. They will determine the quality of the road. Why do you think it would be to their advantage to build a road that's going to last when they make their money by either building or repairing? If I were a dishonest person, I'd become a lobbyist for somebody and I would bleed this Legislature dry,... [LB305]

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SENATOR McDONALD: One minute. [LB305]

SENATOR CHAMBERS: ...or start me a company and I'd grease the right palms in Washington and the U.S. Attorney's office so I wouldn't be hit with a RICO charge--Racketeer Influenced Corrupt Organizations, that's what RICO is about. And it happens all around in states everywhere. But I'm not going to go too far beyond what we're talking about here. I'm not going to support this bill. I'm not going to try to stop it here. I'm not going to offer a motion to amend; I'm not going to offer a motion to bracket. I'm going to let the legislators do what they want to do without any effort by me to stop them. But when we get to Select File, don't be saying this is such a good bill we ought to let it go on so we can do this or that or the other, or we can get our marching orders from whoever the lobbyist is who gives you your marching orders. Some of you talk to the Governor; ask him if he likes this bill. Does he think money ought to be taken... [LB305]

SENATOR McDONALD: Time. [LB305]

SENATOR CHAMBERS: ...out of the General Fund? Where is the tax cut coming from? Thank you, Madam President. [LB305]

SENATOR McDONALD: Thank you, Senator Chambers. Senator Ashford. The question has been called. Do I see five hands? I do. The question is, shall debate cease? All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk. [LB305]

CLERK: 32 ayes, 2 nays to cease debate, Madam President. [LB305]

SENATOR McDONALD: Debate does cease. Senator Fischer, you are recognized to close. [LB305]

SENATOR FISCHER: Thank you, Madam President. And thank all of my colleagues for the spirited debate we have had on this bill on General File. Once again, I would like to draw your attention to what this bill deals with. It deals with the sales tax of leased motor vehicles going to the Highway Trust Fund, through the Highway Trust fund into the Highway Allocation Fund, instead of to the General Fund. Once again, I believe that is appropriate. When this was set up in 1967, as I said before, we did not see a number of vehicles leased by individuals in this state. Our roads are funded by user fees. This is a user fee that should be there to fund our roads. I happen to believe that we have good highways in this state. And with our funding mechanism, we are able to at least see 70 percent of the funds from the Highway Trust Fund go for maintenance. Yes, we have some concerns in the future on how we are going to fund our highways. But this is appropriate that the sales tax from these leased vehicles go to the Highway Trust Fund. The committee amendment that was adopted makes it clear that sales tax from leased vehicles of less than 31 days, such as picking up a car from Hertz or Avis at the airport,

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that money does not go to the Highway Trust Fund. Senator Chambers and I have discussed that, yes, we will have more discussion on this bill when it reaches Select File. Once again, this is the first bill that my new colleagues have seen that will have an A bill with it. If you agree with the concept, I would urge you to advance this bill to Select File. And at that point, as with other bills that are advanced that have A bills, we will hold the discussion at that time on what is appropriate and what our state budget can handle. With that, once again I thank you for the spirited discussion, and I would urge you to advance this bill to Select File so that we may continue the discussion. Thank you. [LB305]

SENATOR McDONALD: Senator Synowiecki, why do you rise? [LB305]

SENATOR SYNOWIECKI: I rise to respectfully request the roll call vote in reverse order. [LB305]

SENATOR McDONALD: A roll call vote has been requested in reverse order. Yes, Senator Fischer, why do you rise? [LB305]

SENATOR FISCHER: Madam President, I request a call of the house. [LB305]

SENATOR McDONALD: A call of the house has been requested. The question is, shall the house go under call? All those in favor vote yea, and those opposed vote nay. Record, Mr. Clerk. [LB305]

CLERK: 42 ayes, 0 nays, Madam President, to place the house under call. [LB305]

SENATOR McDONALD: The house is under call. Senators, please record your presence. Those senators outside the Chamber, please return to the Chamber and record your presence. All unauthorized personnel please leave the floor. The house is under call. Mr. Clerk, please call the roll in reverse order. [LB305]

CLERK: (Roll call vote taken, Legislative Journal page 387.) 34 ayes, 3 nays, Madam President, on the motion to advance the bill. [LB305]

SENATOR McDONALD: The bill advances. The call is raised. [LB305]

SPEAKER FLOOD PRESIDING

SPEAKER FLOOD: Next bill, Mr. Clerk. []

CLERK: Mr. President, LB27, it's a bill by Senator Adams. (Read title.) The bill was introduced on January 4 of this year, referred to the Government, Military and Veterans Affairs Committee, advanced to General File. I have no amendments pending at this

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time, Mr. President. [LB27]

SPEAKER FLOOD: Thank you, Mr. Clerk. Senator Adams, you're recognized to open on LB27. [LB27]

SENATOR ADAMS: Thank you, Mr. President. In 1991 the Legislature passed LB840, and what LB840 did was to allow cities of all classes, villages right up to metropolitan class, to be able to pass, through the voters, an economic development plan that specifically would earmark a certain portion of property tax or a certain portion of local option sales tax dollars for a voter-approved economic development plan. Presently in the state, there are 42 communities where the voters have put together an LB840 plan. Of those 42 communities, 26 of them are villages or communities of the second class. LB840 also said, and correctly, that annually the dollars that are devoted to these LB840 plans and the plans themselves need to be audited. They are tax dollars and they need to be audited. The audit needs to be done by an independent agency, independent of the community--that is, the municipality, the governing body--independent of the financial institutions that may be holding the funds, independent of any of the businesses that may be receiving assistance under LB840. That's appropriate as well. The problem that brings this bill forward is that many of the smaller communities, the second-class cities and the villages, can't comply. They can't find an independent auditor within that small community. Hence, what this bill would do would be to allow cities of the second class and villages to go to the State Auditor's Office and allow the State Auditor to do the audit annually of their LB840 plan, if there isn't an independent auditor within their community. Thank you, Mr. President. [LB27]

SPEAKER FLOOD: Thank you, Senator Adams. There are no lights on at this time. Senator Synowiecki, you're recognized. [LB27]

SENATOR SYNOWIECKI: Senator Adams, just a quick question. Will the cities and villages that utilize the Auditor's Office, is there are reimbursement process? [LB27]

SPEAKER FLOOD: Senator Adams, will you yield to a question from Senator Synowiecki? [LB27]

SENATOR ADAMS: I would. And honestly, I cannot answer that. I apologize. I can get that information for you, but I don't have the answer to that. [LB27]

SENATOR SYNOWIECKI: Well, again, here we go. From what I understand from your presentation, we're expanding the role of the Auditor's Office perhaps and taxing the Auditor's Office and the personnel within that office, which might deflect some of the roles that they're fulfilling now for us, which may then impact the staff and the staffing patterns of the Auditor's Office. Are you open to anything in the bill, Senator Adams, for a provision that the cities and towns reimburse the Auditor's Office for the service?

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[LB27]

SENATOR ADAMS: Yeah, I would be open to that, given that that may not already be there, because what I'm wondering is that if we look deeper into this, it may very well be now that monies out of the LB840 or the plan as it's implemented, someone is going to have to audit it already. The statute demands that. So I'm assuming there's dollars being paid out to private agencies. Whoever is doing that paying is going to have to do that with the State Auditor I would think. [LB27]

SENATOR SYNOWIECKI: Well, I appreciate it, Senator Adams. Perhaps between now and Select File we can ascertain that. I hope you can understand, and I hope you can appreciate my concern there. It's just that I think the State Auditor's Office, should they engage and participate in this activity, they ought to be made whole relative to finances. Thank you. [LB27]

SENATOR ADAMS: And I agree with that. And one of the things that was just pointed out to me is that the existing language in the bill right now says that the State Auditor may contract with the political subdivision for reimbursement. [LB27]

SPEAKER FLOOD: Thank you, Senator Synowiecki. Senator Gay, you're recognized. [LB27]

SENATOR GAY: Thank you, Mr. President. I have a few questions for Senator Adams if he'd yield. [LB27]

SPEAKER FLOOD: Senator Adams, will you yield to a question from Senator Gay? [LB27]

SENATOR ADAMS: I do. [LB27]

SENATOR GAY: The question I had...you had mentioned 26 villages or communities of the second class,... [LB27]

SENATOR ADAMS: Correct. [LB27]

SENATOR GAY: ...they can't comply. Are they, when they can't comply, are they just not doing this at present? If you say they can't comply... [LB27]

SENATOR ADAMS: No. They have to comply. Now what they're doing right now, I'd have to check to see to determine exactly what it is that they're doing right now. But they're going to have...they have to comply with the audit. [LB27]

SENATOR GAY: So are they... [LB27]

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SENATOR ADAMS: So I'm assuming they're going outside of the municipality to find an agency to do that. [LB27]

SENATOR GAY: Okay. Do you have any estimate of the cost that that costs these communities? [LB27]

SENATOR ADAMS: No, I don't, I don't. [LB27]

SENATOR GAY: Okay. I guess I had read the fiscal note and there is no...it looks like the state, the Auditor can handle this without any fiscal impact. But I guess... [LB27]

SENATOR ADAMS: In committee, Senator, the Auditor did testify that this would not be a problem for them. [LB27]

SENATOR GAY: Okay. Well, I guess we had talked earlier...we were talking about property taxes again. And I look at this as an opportunity possibly, if they could shift these, it's a shift probably. But if it has no fiscal impact on the State Auditor's Office and they could have the State Auditor do this, you are then giving a property tax opportunity to lower these property taxes, that they don't have to go and pay for an outside auditor. So if we can get it done on the state level, that cooperation, I think in the long term, would help relieve their property tax burden. So I'd support you on this measure. Thank you. [LB27]

SENATOR ADAMS: Thank you. [LB27]

SPEAKER FLOOD: Thank you, Senator Gay. Senator Carlson. [LB27]

SENATOR CARLSON: Mr. Speaker, members of the body, I'm not going to ask this as a question but make a comment following up Senator Synowiecki's question, that if there could be an arrangement made with the Auditor at the state level, if there's expense involved, then this may be another example of an unfunded mandate, that there's got to be some cost involved here in how the Legislature then does affect local property taxes. And I am very guarded against unfunded mandates. Those are the kinds of things that we pass and require that they be followed. And when there's expense involved, if they're not funded from the state level, then it goes on property tax. And we are all concerned about that. And I do have that concern. I yield the rest of my time. [LB27]

SPEAKER FLOOD: Thank you, Senator. Senator Harms, you're recognized. [LB27]

SENATOR HARMS: Mr. President and colleagues, Senator Adams, would you yield for questions, please? [LB27]

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SPEAKER FLOOD: Senator Adams, will you yield to Senator Harms? [LB27]

SENATOR ADAMS: Yes. [LB27]

SENATOR HARMS: Senator Adams, when I look at this information, I'd like to know...the purpose of this is really...to audit LB840 dollars? [LB27]

SENATOR ADAMS: Correct. [LB27]

SENATOR HARMS: And the Advantage program? [LB27]

SENATOR ADAMS: The Advantage program is not part of this. [LB27]

SENATOR HARMS: Okay. Then in regard to LB840 dollars, how many communities, quite frankly, have had access to LB840 dollars? [LB27]

SENATOR ADAMS: Well, all communities have access to them. There are 42 right now where the voters have created an LB840 plan. [LB27]

SENATOR HARMS: How big of an issue is this then in regard to all the way across the state of Nebraska, in regard not being able to find an auditor that can actually do this audit? And what kind of numbers... [LB27]

SENATOR ADAMS: Specifically...I'm sorry. [LB27]

SENATOR HARMS: I'm sorry, Senator Adams, go ahead. [LB27]

SENATOR ADAMS: Well, of the 42 cities who have LB840 plans, 26 of them are villages or cities of the second class. I've gotten letters from two of them. I can't give you a number in addition to that, of how many may have the same problem of finding an auditor within their community. [LB27]

SENATOR HARMS: But the fact that...my past experience, my past life, when we could not find a local auditor that there was not a conflict, we simply put out a bid and a request for a proposal. And quite honestly, we found people that came in and audited our books, that took special audits--did not take the state to do that. These cities or towns or small communities have that same right and that same opportunity. Why are they not pursuing that, and why should we bring the state in to accomplish it? Is it because we don't have, in rural America, auditing firms that, because this is so specialized, to handle this? I mean, I don't understand what that issue is, when you have that same opportunity to find auditors to come in and to do this. [LB27]

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SENATOR ADAMS: Well, the first part of your question--why aren't they putting it out for bid and looking elsewhere?--I can't tell you that. The second half of your question is that the fiscal note indicates that there is no burden on the state. The municipalities that implement these plans are paying for the audit. So whether they pay accounting firm A within their community or they pay accounting firm B that's 50 miles down the road or they pay the State Auditor, it's going to get paid. [LB27]

SENATOR HARMS: I guess what I'm saying and what I'm leading up to is, I just...I don't know if the state really has the time to go into all these communities and perform that. And I have some reluctance to want to see us take the opportunity for someone privately to be able to secure a job and an opportunity to receive those dollars and we supplement that with a state entity in doing that. I think that's just something that we need to be careful of. And I appreciate your answer and your questions, and thank you very much, Senator. [LB27]

SENATOR ADAMS: Thank you. [LB27]

SPEAKER FLOOD: Thank you, Senator. Senator Janssen. Senator Janssen waives. Senator Fulton. [LB27]

SENATOR FULTON: Thank you, Mr. President. Would Senator Adams yield to a question? [LB27]

SPEAKER FLOOD: Senator Adams, will you yield to a question? [LB27]

SENATOR ADAMS: Yes. [LB27]

SENATOR FULTON: Okay. In the fiscal note for this bill, there was something that I read that I would like some clarification on. "According to the Auditor, any additional costs incurred due to the provisions of LB27 could be addressed with current levels of cash fund authority." Is that suggesting that there will be...is that a suggestion that there will be expenses incurred in the State Auditor's office in order to conduct these audits? [LB27]

SENATOR ADAMS: It would seem to me that the city is going to have to reimburse the State Auditor. [LB27]

SENATOR FULTON: So then I would dovetail here. Thank you for answering the question. I dovetail here off what Senator Harms is saying. While I don't believe this absolutely, I do believe it as a matter of principle. That which the private sector can accomplish legitimately should not be relegated to the public sector. And so I have some concern that this introduces this state office, the Auditor's office, as another means by which the cities can access an audit. If they could go to private entity A,

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private entity B, and then public entity, the Auditor's office, I don't know that that's a necessity. I guess I need to be persuaded that it is necessary for a public entity, the Auditor's office, to come in and do what ostensibly appears that the private sector ought to be accomplishing. So I guess at this point I can't support the bill. But if I could be persuaded that this is a necessity, otherwise it wouldn't be accomplished, then perhaps I'd support the bill. So thank you, and I'll yield the remainder of my time to the Chair. [LB27]

SPEAKER FLOOD: Thank you, Senator Fulton. Senator Chambers. [LB27]

SENATOR CHAMBERS: Thank you, Mr. Speaker. Senator Adams, I'd like to ask you a question. Potentially, how many cities or entities would be taking advantage of this service of the Auditor? [LB27]

SPEAKER FLOOD: Senator Adams, will you yield to a question from Senator Chambers? [LB27]

SENATOR ADAMS: Certainly. To my knowledge, right now I have letters from two communities. [LB27]

SENATOR CHAMBERS: So there are only two communities that this would affect, or you've only heard from two? [LB27]

SENATOR ADAMS: I've only heard from two. [LB27]

SENATOR CHAMBERS: Could there be others? In other words, are there other communities involved in this particular program? [LB27]

SENATOR ADAMS: There are 26 communities in the state right now that are villages or communities of the second class, which this bill would pertain to that have LB840 plans. [LB27]

SENATOR CHAMBERS: So potentially there could be 26 who would... [LB27]

SENATOR ADAMS: Correct. There could be beyond that. [LB27]

SENATOR CHAMBERS: It is going to take some...thank you, that's all I will ask you. It will take some effort and time by the Auditor and it's easy for the Auditor to say, well, at this point, it's costing nothing because nothing is being done. But as Senator Fulton had underlined, it's going to take some time, it's going to cost some money. And the more cities or villages or entities that come, the more time of the Auditor will be taken. Somebody could argue, then the Auditor would not agree to enter contract to do it for this city or that city or the other which then creates a very uncertain, unstable

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environment for this kind of activity, which is mandated. So this may not be the best way to handle this situation. But however it is handled, there would be such a trifling amount of money involved compared to the overall budget of one of these entities that I don't think it could be looked at as a property tax reduction matter. So I don't think everything that the Legislature does that might impact on some locale should be billed as a property tax measure. Let's say you cut the property tax a penny. Not on every individual, but a penny out of the budget. I hope I made the point. That's all I have, Senator Adams, and thank you very much. [LB27]

SPEAKER FLOOD: Thank you, Senator Chambers. There are no other lights on at this time. Senator Adams, would you like to close on LB27? [LB27]

SENATOR ADAMS: Yes, Mr. Chair. Well, the final thing that I would say is that the cities, and I believe they are very few in number, that would call upon the State Auditor to help them out when they cannot find any other firm would contract with the State Auditor and reimburse the State Auditor. I have nothing more. [LB27]

SPEAKER FLOOD: Thank you, Senator Adams. The question before the body is, should LB27 advance to E&R Initial? Record your vote. Senator Aguilar, for what purpose do you rise? [LB27]

SENATOR AGUILAR: Could I ask for a call of the house? [LB27]

SPEAKER FLOOD: A call of the house has been requested. The question before the body is, should the house go under call? Record your vote. Record, Mr. Clerk. [LB27]

CLERK: 34 ayes, 0 nays, Mr. President, to place the house under call. [LB27]

SPEAKER FLOOD: The house is under call. All members, please return to your seat. Unauthorized staff, please leave the floor. Members, please check in. Senator Ashford, Senator McDonald, Senator Preister, please return to the floor. Senator Ashford, Senator McDonald, and Senator Preister, please return to the floor. The house is under call. Senator Ashford, please return to the Chamber. Senator Aguilar. [LB27]

SENATOR AGUILAR: I'd also like to request a roll call vote in regular order. [LB27]

SPEAKER FLOOD: Senator Ashford has left the building. Do you wish to proceed without Senator Ashford? [LB27]

SENATOR AGUILAR: Yes. [LB27]

SPEAKER FLOOD: Mr. Clerk, please call the roll. [LB27]

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CLERK: (Roll call vote taken, Legislative Journal page 388.) 24 ayes, 7 nays, Mr. President, on the advancement of LB27. [LB27]

SPEAKER FLOOD: LB27 does not advance to E&R Initial. Mr. Clerk, any items for the record? The call is raised. [LB27]

CLERK: I do, Mr. President. Your Committee on Revenue, chaired by Senator Janssen, reports LB4, LB41, LB264, LB270, LB359, LB459 indefinitely postponed. Judiciary Committee, chaired by Senator Ashford, reports LB341 to General File, LB99 to General File, LB213 to General File, LB237 to General File. New resolution, Senator Schimek offers LR23. That will be laid over. Hearing notices from the Business and Labor Committee, General Affairs Committee, the Revenue Committee, and the Judiciary Committee. A motion to withdraw LB158 by Senator Heidemann. That will laid over. And a new A bill, Mr. President. Senator Louden offers LB80A. (Read LB80A by title for the first time.) A series of name adds and withdraws: Senator Cornett would like to add her name to LB482; Senator Aguilar to LB700; Senator Harms to withdraw his name from LB261. Mr. President, priority motion. Senator Schimek would move to adjourn until Monday, January 29, at 10:00 a.m. (Legislative Journal pages 388-391.) [LB4 LB41 LB264 LB270 LB359 LB459 LB341 LB99 LB213 LB237 LR23 LB158 LB80A LB482 LB700 LB261]

SPEAKER FLOOD: Thank you, Mr. Clerk. The question before the body is, should the Legislature adjourn for the day until Monday, January 29, 2007, at 10:00 a.m.? All those in favor say aye. All those opposed say nay. We are adjourned. []