

process and you decide how you are going to spend your money, you decide what you are going to subsidize year in and year out. With this type of financing you finance, you decide one year that you are going to subsidize something and it is going to be like that for the next fifteen years or forever how long, forever long the bonds are issued. I might also note that remember that when you take away a tax base in this situation you are taking it away from school districts and you are also taking it away from counties, possibly. Yet it is not school districts and it is not counties that are making the decision in this case. It is an authority of the municipality. Again I think that some check is incumbent when you talk about taking away the tax base of the school districts and...

SPEAKER MARVEL: We need a little more order on the floor so those can hear who are listening.

SENATOR BEUTLER: ...also the counties Keep in mind also that when you redevelop using this type of bonds that you are really essentially taking the more expensive route for redevelopment. That is, these are not general obligation bonds. They are tax increment bonds, riskier bonds so the cost of financing the interest rate is higher. We would be much better off if we just said lets issue redevelopment general obligation bonds for redeveloping of this blighted area and let it go at that because the interest on the bonds would be lower. So if we are going to have these high interest rate bonds again, it seems to me that a check is in order. Another thing that I might mention is that this type of financing can quite possibly distort the quality of urban development. For example, they will probably tend to build the types of commercial and industrial projects that will increase the increment differential between the frozen tax rate and the increased tax rate rather than, rather than low income housing projects, for example, or open space and parks. Those things don't increase the tax base much. So, you can bet that this is going to be used primarily and almost exclusively for commercial and industrial development. Another thought I had and I really haven't been able to develop this very far. But it is interesting to note the relationship between this and between industrial development bond financing. Is this type of financing going to decrease industrial development bond financing, remember both types can be used for industrial financing. So, this may not be altogether a good thing for some of the rural areas. It seems to me that the people have exercised their judgment in the Constitutional amendment and have approved this type of financing. I don't see why the people's judgment shouldn't be trusted in this case on individual