

bad effect of issuing these types of bonds. The second bad effect is that as the market becomes more and more flooded with tax exempt bonds the price on those bonds necessarily goes up which means it costs the cities, and the counties, and the state, and everybody else who is issuing these bonds for legitimate public purposes more and more money to issue the same bonds. It is a simple supply and demand effect. When it costs the cities and counties and government more and more money, that means it costs the taxpayers more and more money. So these types of mechanisms really don't help out anyone and I think they should be discouraged but the only way they can be controlled is at the federal level. No one state can take action to control it because that state would put itself at a disadvantage with other states. So the action has to be taken at the federal level by making it difficult to get tax exempt status for these kinds of bonds or for any other kinds of bonds which are not very directly serving a public purpose. For that reason, I would like to encourage you not to vote in favor of this resolution and not to discourage the federal government in going the direction it appears to be going at this time in cutting down on these types of financings. Thank you.

PRESIDENT: The Chair recognizes Senator Newell.

SENATOR NEWELL: Mr. President, members of the body, I, also, rise to oppose the resolution and my arguments are similar to Senator Beutler's but I am going to take a little different tact and try to explain this issue a little more clearly. One of the things that Nebraska did and it was a grave mistake is that we got into this mortgage finance business a little late, after many other states had already got the best possible use out of the whole thing and abused it greatly. I think Senator Wesely alluded to that. But the abuse is an ongoing abuse. House Ways and Means in recent sessions have really worked hard to try to deal with this whole question. Now frankly we have to analyze as a Legislature whether or not we really, really want this kind of a program and whether it is all that beneficial when you look at the total scope of it. Now Senator Beutler indicated that these tax exempt bonds have a lot of impacts and there is no question about that but let me ask you whether you, as individuals, believe the best way to target assistance, to target assistance is through this kind of program or would it be a better way to target through the 235 Program, through Farmers Home Administration, those kinds of programs which in fact can more clearly be regulated so we make sure that we get the desired effect in helping low and moderate income families achieve the desire to buy a home that they so intently want. I think one of the key