

effect that you want to have, go ahead and pass resolutions like this and bills that create additional tax exempt financings of one type or another, but just know that this is a situation that you are creating when you do that. Thank you.

PRESIDENT: The Chair recognizes Senator Newell.

SENATOR NEWELL: Mr. President and members of the body, I rise to oppose the Wesley amendment, and I think Senator Beutler did a pretty good job of explaining why and what the problems are in this whole thing. You know, we have got just about every kind of finance mechanism known to man, and to make them all work we use tax free municipal bonds. We do that with IDA bonds, you know, and the original purpose of IDA bonds was bringing in new industry and trying to locate them in certain depressed areas, and now it's just bringing in industry any old way it can and we have the same problem with this mortgage act. Basically we use the municipal bonds to raise a little money, and then we let anybody use the money. We have some criteria and so forth, but the overall cost and the overall benefits really have not been proven to be there. That is why the Congress of the United States has made restrictions. Now, frankly, we in the Legislature have frequently said, you know, there is too much regulation, those guys in Washington, D.C. are big spenders, they just have lots of money and they just throw it all around. Well, here they are trying to protect the federal tax base. They finally got around to doing something fairly modest and yet reasonable to protect that sort of tax base, to protect the revenue raising side of this whole issue. And I think Senator Beutler's comments that the real beneficiaries are those who use these bonds to shelter themselves from taxes. The federal government has made some real restrictions. Now the mortgage industry...let's just talk about the other side of this issue, the mortgage industry, the savings and loans, the banks, to some extent most of the savings and loans, are the ones that have been competing with this kind of issue, this kind of government supported issue. They have to compete in the marketplace with this kind of government subsidized situation. It's certainly not a free enterprise system that we are promoting here. We are saying that we on the government side are willing to reduce our revenues to promote this great social purpose, and also to compete against the savings and loan industry which has to on an ongoing basis has to be there. We are allowing this fund to compete with that industry. We are basically moving off the cream and at the same time we are basically shifting the tax burden. I think that the regulations the federal