

May 18, 1981

LB 543

CLERK: 28 ayes, 1 nay to cease debate, Mr. President.

PRESIDENT: The motion carries, debate ceases. Senator Newell, you may close on your motion.

SENATOR NEWELL: Mr. President and members of the body, I have heard a great number of debates and I tend to agree with those people on both sides of this issue as regards to the merits of this program. The agreement is a very simple one and I think that this is basically one of those programs that tax very much the federal tax system, provides for tax breaks for those people who can well afford to pay those taxes because it allows them to buy municipal bonds. But I want to talk to Johnny DeCamp's arguments because, frankly, they are most fallacious, they are, in fact, very fallacious and I think this body ought to recognize that. The situation is simply this. There is a competitive situation and these bonds will be sold at interest rates based on the history of this program. Now I want to remind you that the first bonds that they put out had a maximum of \$22,000, \$22,000 income. But the key thing there was the mix. It wasn't, you know, Johnny says, and Johnny's not incorrect when he says this, that by moving to 28 you allow for some more risky loans in the bottom. That's true, but the point of it is that the key question is the mix and the history of the fund. The purpose here is to try to serve low and moderate income people. \$28,000 is questionably moderate income...questionably moderate income when the median average income is \$19,000 in this state. So what we are saying simply is this, we are not going to exceed \$26,000 and we are going to be a little more careful with the mix. That's all. And that is not in any way going to create a higher interest rate or that in no way is going to create an unmarketability on the national money markets for this fund activity. What it is going to do is serve people who are a little more moderate than the present \$28,000. Well, Senator Johnson points out and it is public record that it was a very close vote when they raised it. It was 4 to 3 to raise it to \$28,000. There were a lot of people who did not believe on that fund that we should be serving those people with the higher incomes, and we are talking about moving that not down to 22 where it was before but to 26. So the arguments here are most fallacious indeed. Now, I have been out to the rotunda as over the years I have learned to do to find out what folks think of my amendment, and this must be a pretty good amendment because the savings and loans don't like it and neither do the homebuilders. So I think that we must have struck