

May 29, 1981

LB 460

think I will quote most of it, was, yes, do whatever you want we can wait until next year and it's your money, you lose millions. It scares me, but I think we ought to get this done now.

PRESIDENT: The Chair recognizes Senator Koch.

SENATOR KOCH: Mr. President, I move the previous question.

PRESIDENT: All right, the question has been called for. Five hands. All those in favor of ceasing debate vote aye, opposed nay. Record the vote.

CLERK: 26 ayes, 2 nays to cease debate, Mr. President.

PRESIDENT: Debate ceases. Senator Beutler, you may close.

SENATOR BEUTLER: Mr. Speaker and members of the Legislature, if you want to leave that into the law, you certainly can, but don't for a minute buy the argument that the prudent man rule is going to take care of that, because all you have to do to show that that is not true is to ask why they put into the bill the language that the Investment Officer may invest in those things. If the prudent man rule says he couldn't, then there is no need of putting that language in there, is there. It's as simple as that. They put it in there because that is something that they want them to be able to do regardless of what the prudent man rule says. I guess I have been disturbed at a number of things about this bill. You know, one is that there has been absolutely no indication given to us as to what the prudent man rule means. This is a rule that has been in effect for trusts and banks for a long, long time. I am sure there are lots and lots of court cases on it, tells you the principles, what's involved, what they can do and what they can't do in different circumstances, yet nothing, nothing has been said to us in here about what the prudent man rule means. We have a rule now that not more than 25...I think it's \$25 million can be invested in common stocks. What does the prudent man rule mean with regard to that? Can we switch over to a high degree of investment in common stock? The evidence has been nonexistent now as to what the record of the State Investment Officer has been vis-a-vis private trusts and investment companies. Why hasn't it been brought into here and shown to us what the private trusts and investment companies have done under the prudent man rule and why haven't we been shown a comparison of what the State Investment Officer