

February 1, 1982

LB 387

SENATOR FOWLER: Okay, I cannot say specifically that the cities...well, let me...let me...some cities have not put enough money in that the benefit that was promised can be paid right now. Okay, if you want to look on that as borrowing the employee's money, fine.

SENATOR DeCAMP: Okay, how in good conscience can you... can you, Senator, which is what 387 does now, how can you say, okay, Mr. Policeman or Fireman, or whoever is involved here, you can get your money back under the limits of this bill with a 5 percent interest return, how can you say that is fair? Is 5 percent a reasonable figure?

SENATOR FOWLER: Well, Senator DeCamp, the 5 percent was decided and it is a low figure. It is obviously lower than what people would be getting now and it is probably lower than the aggregate interest over the time of this period. We selected a single percentage for the convenience of the cities, that is, many times it says, average interest as it does in the League of Municipalities bill, that it is oftentimes difficult or more expensive to calculate on each individual account the average interest. So we chose just one percentage and we chose a low percentage, 5 percent, because we were trying to compromise and be reasonable. It is less than what somebody would get if they had contributed that money in a savings account, certainly, but it cuts down...right now the police system is not getting any interest, so we thought going to 5 percent was progress.

SENATOR DeCAMP: Okay, half of my point I think has been developed. The other half...Senator Fowler, have you read the Muni bill? The one sponsored by about 20 of us here?

SENATOR FOWLER: Yes, I'm familiar with it.

SENATOR DeCAMP: Is it more costly than this proposal right here?

SENATOR FOWLER: I think that in terms of this particular benefit portion the Muni bill gives more to the employee because it doesn't say 5 percent, it says the actual rate of interest...

SENATOR DeCAMP: Right.

SENATOR FOWLER:and in that way this section...the section that we are dealing with for the Muni bill which