

and management needs alternatives and options and the City Council of Lincoln has asked for the authority to go to its people and see if the City of Lincoln voters want to utilize the sales tax mechanism to underwrite expenditures that we know are coming down the line. What kind of expenditures are those? Well frankly we can expect, according to federal actions that have been recently taken, a new local responsibility of about a million and a half for mass transit. We also in our capital improvements program are looking at projected infrastructure improvements of roughly \$30 million for storm sewers and \$40 million for street improvements. Now one of the mechanisms for paying that is going to the people for bonds but currently bonds are going at 13% and that means that if you were to take a bond at a 13% increase per year you could take a...I believe the figure is a \$20 million bond over 30 year life and ultimately you'd be paying nearly \$80 million to pay off that bond. That just isn't sound management particularly in the event the people of the city are prepared to pay as they go. Sales tax dollars offer one option to do that. The City of Lincoln needs a financing option to be in a position to provide for a sound infrastructure. Currently we are looking at needed street repairs that outstrip our ability to finance that either through the money that we receive from the state or those portions of our funds that we're raising locally from property taxes. We do not necessarily want to be forced to go into the bond situation and a bond market with a 13% interest rate that could last for twenty or thirty years particularly since inflation in this day and age has now begun to drop below 10%. An interest rate then at 13% may well be a greater obligation than what simple inflation would be particularly since stringing out those bond improvements or those street improvements and deferring them and deferring them down the line also tack into that inflationary rate. This concept was adopted by the Legislature when we passed an Omaha city sales tax measure. At that time the Legislature indicated a policy that said, "Given the need from a community, given the desire from that community's local governing board and verified by a vote of the people the Legislature will authorize an additional half cent sales tax when needed." And I think the funds that we raise in the event the city voters approve this are needed, of course we will go through our budgetary process and the citizens will have a chance not only to discuss the raising of the tax funds but how those tax funds are to be spent. I would urge the advancement of LB 591.

SENATOR CLARK: Senator Kahle.