SPEAKER BARRETT: Thank you. Senator Hall, followed by Senator Hefner.

SENATOR HALL: Thank you, Mr. President, and members. Again, this issue was addressed in both the bill that Senator Wehrbein brought, in LB 535, and Senator Schmit's LB 629 this year. In both cases, the Revenue Department opposed the measures. The committee voted unanimously to indefinitely postpone both of the bills, and there was, basically, a small group of supporters who I guess through no fault of their own justly were found to be left in this situation. They don't happen to be your run-of-the-mill type of investors. These folks who invest in tax-exempt muni bonds are fairly sophisticated individuals, which means that they understand how the system works, and they usually have enough money, and I say, usually, because there are always exceptions, but they usually have enough money to be able to look at the muni bond investment over a long period of time. What has happened since the passage of LB 773 and the impact on the Nebraska market with regard to tax-exempt muni bonds? Nebraska's market represents about $200 million a year of muni bonds that are available out there to be sold in the market. What has happened is is that the State of Nebraska, because of the demand for the tax exempt status for Nebraska's own bonds as opposed to the out of state ones, is that the local governments, the folks that you represent, have been able to offer these bonds at about 50 basis points less than what the market would bear on any out of state bonds, in other words, about half a percent less. That directly correlates to property tax relief because that is a half a percentage point that those local governments do not have to pay when they are paying off those bonds. It is very cost effective and it is one of the sole reasons for passage of that measure with regard to 773. It is why the vast majority of other states provide for this type of exclusion, because if the other states are not going to reciprocate with regard to tax exempt status for our bonds, why should we? Why should the State of Nebraska do this? And I think if you were to look at the other four states that do that, they tend to be the Montanas of the world where they don't...there is not much call for these types of bonds, there is not much use for them. They don't have the population to purchase them, so they choose to allow for the tax exempt status for their citizens at that point when they buy an out of state bond. In this case, you are talking about going back to the way that we did it before for those individuals who were in this investment, used this practice to basically plan for retirement,