

SPEAKER BAACK: Senator Schmit.

SENATOR SCHMIT: Thank you, Mr. President and members. Mr. President and members, this amendment is designed to clarify exactly the situation that surrounds the \$200 million worth of bonds that had been issued by Nebraska Investment Finance Authority purportedly for the purpose of making agricultural loans. One hundred million dollars was issued to be redeemed in 1993, and the additional \$100 million is to be paid off in 13 years after that, I believe the year 2006. In addition, in between that period of time, the time that the Nebraska issues are to be redeemed, \$1,650,000,000 of other bonds will come due, I believe in 1997. The point I want to make is this. All of us are familiar with recent news items surrounding the financial instability of First Executive Life. Only yesterday we were to learn that the IRS has now assessed more than six hundred million dollars worth of back income taxes against First Executive Life. Individuals who I've visited with who are knowledgeable about the situation tell me that this practically forecloses any opportunity for any other entity to buy out First Executive Life. It almost makes...in fact, one owner of the bonds has told me that as of now he assumes his bonds are worthless. We have somewhere on this floor at this time a bill that is moving across, or maybe it has become law, but in any case, it allows for the roll over of bonds. I asked specifically if those provisions of that bill provided to the NIFA bonds, and I was told that it did not. I was also told that there is no reason to assume that the bonds are not good. I know that the comptroller of currency has written them down drastically as of several weeks ago, and as of now, they are worth even less. The point I am trying to make is this. I want to, by the adoption of this amendment, make it impossible for those bonds to be "rolled over" anytime between now and the due date of 1993. The reason for this is that I believe there is a possibility that the first \$100 million of bonds may be paid in 1993 if we insist upon it. Now you tell me there is no provisions? They have got to be paid. The facts are First Executive can't pay them as of now. How they will pay them I don't know, but I do not want us to be unaware of the fact that a quasi-state agency, NIFA, Nebraska Investment Finance Authority, has been the issuer for \$200 million worth of bonds, not one dollar which was used for the purported purpose; all of which then was invested with First Executive Life; none of which, in my opinion, is of any value today. I believe that if we adopt this amendment we are providing the maximum possible