

TRANSCRIPT PREPARED BY THE CLERK OF THE LEGISLATURE  
Transcriber's Office

May 18, 1999

LB 881

PRESIDENT MAURSTAD: Thank you, Senator Chambers. For discussion on the Chambers amendment, Senator Dwite Pedersen. Senator Raikes. Senator Schimek. On the Chambers amendment, Senator Beutler.

SENATOR BEUTLER: I support the Chambers amendment, but I would like to go back and talk a little bit more about the Reserve Fund. We talked a little earlier and, again, I hope you'll really peruse the chart that I gave you, we talked a little bit earlier about the nature of why the Reserve Fund was set up and what was deemed necessary at that time and the fact that we had to cut notwithstanding. The current...the Reserve Fund balance is about \$165 million. If you take \$100 million out of that, you're going to have a...a budget stabilization fund of less than 3 percent. And when you add that to our other 3 percent reserve, that comes to 6 percent. I indicated to you that there's a study out there pointing out that you should have 25 percent. Now, even if that's half wrong and you need just 12 or 13 percent to get through the worst part of your economic cycles, then still without this bill we're at 9 percent. With this bill we're below...we're down around 5.5 percent, and I believe that to be a totally inadequate Reserve Fund. I point...I gave you another chart that shows the reserve funds for the city of Lincoln and the city of Omaha for the last couple of years and, although these are not perhaps directly analogous, note that in the city of Lincoln for the years FY '97, that with a \$77 million budget they had a \$22 million reserve fund. This is Governor Johanns, then Mayor Johanns', reserve fund for the city of Lincoln--28 percent of revenues. In the next year, Governor Johanns, then Mayor Johanns', Fiscal Year '98 budget was \$79 million. The reserve was \$20 million--a 25 percent reserve. And I showed you Omaha just by way of contrast. Now there may have been very good reasons for that reserve fund. I'm not criticizing the reserve fund for the city of Lincoln in those years. But we also are going to have some very good reasons for a reserve fund, if nothing else, if you just consider alone the low-level nuclear waste potential liability. And if you pass this bill, if you pass this bill, you'd have \$64 million in a reserve fund. If we get a bad decision on that case, and I'm going to go into that a little more later, you not only don't have a reserve fund but you have a deficit and you have a serious matter on your hands if the