

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

January 31, 2005 LB 169

necessary to operate. So we have general statutes that allow cities to have revenue bonds based on a revenue-generating facility. We have some language in the existing law that says, "any city or village has the power to issue revenue bonds for the purpose of acquiring, constructing, reconstructing, improving, extending, equipping, or furnishing a revenue-producing facility." And you might think that would be just all that you needed to have because if you take a look at that language--constructing, reconstructing, improving, extending, equipping or furnishing--you'd think that just about everything would be covered, but the truth of the matter is that you have to enter the twilight zone of the bond attorney world to understand what's wrong with that language. This is a place that has not three dimensions, as our universe does, but has six or seven dimensions and a perception of reality far beyond what we normally do. Bond counsel are like lawyers to the third power. They are precisians. They would say, gosh, I don't see that the word "repair" is in here. You might say, well, it says you can reconstruct, but is that repair; improve, yes, but aren't you just repairing and getting back to where you were; extending, well, there's not an extension; equipping, yes, but we already have that so I'm not sure it's a repair. That's the kind of thing that we pay hundreds of dollars an hour to bond counsels to tell us, that the word "repair" is not encompassed or is ambiguous with respect to reconstructing, improving, extending and equipping. They exhaust us. So here's what the Lincoln Electric System, who has such a bond counsel, suggested. What if we say, "a city and a village has the power to issue new revenue bonds in connection with, or relating to, any revenue-producing facility within or without its corporate limits that the municipality has the power to acquire, construct, reconstruct, extend, equip, improve...". What about if you own it, you can have a revenue bond to make it work. That's about what this bill says. We do have one amendment that I think the Urban Affairs Committee rightly appended to the bill, and I think Senator Friend will explain in a moment, and that is to say that a municipality is bounded by the need to make sure that this fulfills a public purpose. But to the extent you have a public purpose and a revenue-generating facility, you got to have a revenue bond to make it work. Let me tell you a couple of places where it would apply. First, it