

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

March 16, 2005 LB 739

the yield factor, you see that the factors will increase if the fund is in the hole; they will decrease if the fund is overfunded. That's a long way away from where we are now, if you look at the charts that were passed out to you. Then the next thing you look at in the committee amendment, pages 48 and 49, you see the experience factor. An array of 20 levels has been created. This is new. This is a significant change in the current system. Right now we have shelves. You fall off a cliff between levels. And this would allow businesses to calculate what their costs are going to be in the coming year as they see their employees utilize or not utilize the funds. They're not going to fall off a deep cliff. So you see that the average rate is the 12th step. That's the experience factor of 1.0, and it...the top category, number 1, where in fact there is very little utilization, is .15. But level 20 is 2.6. That's where we see a lot of experience being used. This is the multiplier against the average tax rate. The benefit of the array is not only the fact that we get rid of the cliff, but the fact that we can plug in the numbers that we need each year in order to make this fund whole eventually. We are trying to create a system which will not come back in crisis to the floor of the Legislature and ask you, in panic, to make a quick decision. We're trying to create a mechanism that will make us whole throughout all kinds of economic times, both good and bad, and I think that's a good thing. So I'm hoping that you look at the technical pieces of the bill. The people who we talked to about the bill actually thought that they liked it so well they've asked that we put in place in 2006 rather than, as the bill had stated, in 2007. You will find that contained in the committee amendment and I think that that also is something that would actually commend it to you, the fact that all the parties that participated in negotiations have enough common ground here and enough confidence in the array system that they're willing to put it into place a year earlier. Senator Cunningham has talked about the surcharge that we would have in the early years to create wholeness in the system, give it a jump-start, and that certainly is a very costly piece for our businesses, but they have agreed to step up to the plate and put us in the black. I hope that you're looking at the charts before you because, as Senator Combs has pointed out, the trust fund is...shows black but usually you show red when you're going