

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

February 28, 2006 LB 75

in 1966, 50 years ago, 40 years ago, the Nebraska Constitution was amended to provide for the investment of retirement and pension funds by cities, counties, all of the political subdivisions. And when we amended that, we did it because these are essentially like endowment funds. They're funds that are there long term. And by virtue of the term of the investments, you're able to earn a higher return. And so we said, for all of those people whose life savings are invested, look, we need to do this in a reasonable way to maximize those returns. And so we allowed that. Each governing body determines that. But of course, there are prudent investor rules that apply, and there are also prudent investor rules that apply to this particular amendment that were made even tougher by Senator Landis and his work on this particular bill. So all we're asking...we're not even asking that we be allowed to invest as far as some of the retirement and pension funds can be invested. But here's an interesting comparison. If the Community Health Endowment funds were invested in the same manner as the city of Lincoln police and fire pension funds, then the value of that fund would have increased by an additional \$2.6 million in just one year.

SENATOR CUDABACK: One minute.

SENATOR BEUTLER: So that is the crime and the tragedy of something that it's a little bit hard to translate into crimes and tragedies, because it's just working with cold, hard numbers, investment numbers. But that \$2.6 million in one year would have helped an awful lot of people. And by no stretch of the imagination can anybody argue that the city of Lincoln police and fire pension funds are in any sort of jeopardized accounts or jeopardized combination of accounts. Senator Stuhr well knows that the state investment funds are invested in a way that is much more liberal than what is allowed under current law for cities and the political subdivisions. So this is...

SENATOR CUDABACK: Time, Senator.

SENATOR BEUTLER: ...an area of law that by happenstance is not of this century.

SENATOR CUDABACK: Thank you, Senator Beutler. Further