

January 11, 1989

LB 1-6, 8-17, 33, 34, 330-340

PRESIDENT: LB 33 advances. LB 34, please.

CLERK: LB 34, Mr. President, offered by Senator Labedz as Chair of the Board. (Read title.) Introduced on January 5, referred directly to General File.

PRESIDENT: Senator Peterson, please.

SENATOR PETERSON: Mr. President, LB 34, the final revisor's bill, makes numerous internal changes relating to the Game and Parks Commission. I ask that this bill be advanced to E & R Initial.

PRESIDENT: You've heard the explanation. The question is the advancement of the bill. All those in favor please vote aye, opposed nay. Ladies and gentlemen, I need a little help, please. Thank you. Record, Mr. Clerk, please.

CLERK: 27 ayes, 0 nays, Mr. President, on the advancement of LB 34.

PRESIDENT: LB 34 is advanced to E & R Initial. Mr. Clerk, do you want to read in a few more bills?

CLERK: Mr. President, yes, thank you. Mr. President, before I proceed to do that, two announcements, the Education Committee has selected Senator Dierks as Vice-Chair and General Affairs Committee has selected Senator Hartnett as Vice-Chair. Signed by Senator Withem and Smith respectively.

(Read by title for the first time LBs 330-340. See pages 179-81 of the Legislative Journal.

Mr. President, other items for the record. Your Committee on Enrollment and Review respectfully reports they have carefully examined and reviewed LB 1 and recommend that same be placed on Select File; LB 2, Select File; LB 3, Select File; LB 4, Select File; LB 5, Select File; LB 6, Select File; LB 8, Select File; LB 9, Select File; LB 10, Select File with E & R amendments attached; LB 11, Select File; LB 12, Select File; LB 13, Select File; LB 14, Select File; LB 15, Select File with E & R amendments attached; LB 16, Select File; and LB 17, Select File. (See pages 181-83 of the Legislative Journal.) That's all that I have at this time, Mr. President.

January 12, 1989

LB 54, 111, 209, 268, 271, 325, 335
389-408

raised, please stay in your seats.

CLERK: 20 ayes, 21 nays, Mr. President, on the motion to rerefer.

SPEAKER BARRETT: Motion fails. The call is raised. Mr. Clerk, continue with the introduction of bills.

CLERK: Mr. President, I might announce that the Reference Committee, the Reference Committee will meet in the Senate Lounge for referring of bills now; Reference Committee in the Senate Lounge now.

Mr. President, new bills. (Read LBs 389-406 for the first time by title. See pages 206-209 of the Legislative Journal.)

SPEAKER BARRETT: The body will stand at ease while the Referencing Committee handles some more bills.

EASE

CLERK: Mr. President, new bills. (Read LBs 407-408 for the first time by title. See page 210 of the Legislative Journal.)

Mr. President, in addition to those items, I have a notice of hearing from the Government Committee, that is offered by Senator Baack as Chair. Mr. President, I have received a reference report referring LBs 324 through 373.

Mr. President, in addition to those items, announcement that the Appropriations Committee....

Mr. President. some unanimous consent requests, Senator Schellpeper would like to add his name to LB 209; Senator Rod Johnson and Senator Morrissey would like to add their names to LB 325; Senator Dennis Byars to LB 111; Senator Haberman to LB 268, and Senator Haberman to LB 271 as well, and Senator Haberman to LB 335.

SPEAKER BARRETT: If there are no objections, so be it.

CLERK: Mr. President, I have a motion filed with respect to the investigating committee formed to review the Franklin Credit Union situation. That motion will be laid over, Mr. President. It involves the suspension of the rules. Those will be laid

February 24, 1989

LB 155, 218, 250A, 329, 330, 335, 346
437, 449A, 478, 504, 809

bill, Mr. President.

SPEAKER BARRETT: LB 155 is advanced. Messages on the President's desk, Mr. Clerk?

ASSISTANT CLERK: First of all, Mr. President, a reminder that the Urban Affairs Committee is having a short Exec Session at one o'clock in the Senator's Lounge. That's from Senator Hartnett. Revenue Committee, whose Chairperson is Senator Hall, refers LB 346 to General File; LB 437 to General File; LB 329 to General File with committee amendments; and LB 504, indefinitely postponed. (See pages 877-78 of the Legislative Journal.)

New A bills. (LB 449A and LB 250A read by title for the first time. See page 878 of the Legislative Journal.)

A series of name additions. Senator Bernard-Stevens to LB 218 and LB 330; Senator Lindsay to LB 478; Senator Hartnett to LB 335; Senators Peterson, Rogers and Beyer to LB 809. That's all that I have, Mr. President.

SPEAKER BARRETT: Thank you. Senator Schimek, would you care to adjourn us until Monday.

SENATOR SCHIMEK: Mr. Speaker, I move we adjourn until Monday, February 27th, at nine o'clock.

SPEAKER BARRETT: Thank you. You've heard the motion. Those in favor say aye. Opposed no. Ayes have it, motion carried, we are adjourned.

Proofed by:

Marilyn Zank
Marilyn Zank

February 27, 1989

LB 257, 335, 336, 436, 497, 532, 540
654, 670, 705, 800, 809

SPEAKER BARRETT: Thank you. You've heard the closing and the question is the advancement of LB 336. Those in favor please vote aye, opposed nay. Voting on the advancement of the bill. Have you all voted? Record, please.

CLERK: 27 ayes, 0 nays on the advancement of 336, Mr. President.

SPEAKER BARRETT: LB 336 is advanced. For the record, Mr. Clerk.

CLERK: Mr. President, I have notice of hearing, appointment, gubernatorial conferee hearing by the General Affairs Committee, Mr. President.

Senator Pirsch has amendments to be printed to LB 257. (See page 886 of the Legislative Journal.)

Urban Affairs Committee whose Chair is Senator Hartnett reports LB 670 is indefinitely postponed and LB 800 as indefinitely postponed. (See page 886 of the Legislative Journal.)

Mr. President, Senators Goodrich, Nelson and Lowell Johnson would like to add their name to LB 809 as co-introducer. (See page 887 of the Legislative Journal.) That's all that I have, Mr. President.

SPEAKER BARRETT: Thank you. Senator Hall, would you care to adjourn us until tomorrow morning, please.

SENATOR HALL: Mr. President, I would...as soon as we drop these on the Clerk's desk, is that possible? (laughter) My committee, what can I say? We could read those in I...

SPEAKER BARRETT: Any messages on the President's desk, Mr. Clerk?

CLERK: Mr. President, I have some late messages that have arrived. Your Committee on Revenue reports LB 705 to General File with amendments, LB 540 General File with amendments, LB 497 indefinitely postponed, LB 532 indefinitely postponed, LB 436 indefinitely postponed, LB 654 indefinitely postponed, and LB 335 to General File with amendments attached. (See pages 887-91 of the Legislative Journal.) That's all that I have, Mr. President.

March 9, 1989

LB 54, 78, 84, 137, 287, 335, 438
611
LR 51

Priority bill designation. Senator Lamb has selected LB 84; Senator Beyer, LB 78; Senator Haberman, as Chair of Retirement, LB 137 and LB 287; Senator Korshoj, LB 335; Senator Moore, LB 611; all of those designating priority bills.

Mr. President, new resolution, LR 51 by Senator McFarland. (Read brief description of LR 51 as found on page 1045 of the Legislative Journal.) That will be referred to Reference Committee.

Mr. President, your Committee on Education whose Chair is Senator Withem, to whom was referred LB 438, instructs me to report the same back to the Legislature with the recommendation that it be advanced to General File.

Mr. President, Natural Resources Committee will have an Executive Session today in Room 1517 at one-thirty. Natural Resources, one-thirty in Room 1517.

SPEAKER BARRETT: Thank you. Proceeding next to General File, priority bills. Mr. Clerk.

CLERK: Mr. President, LB 54 is scheduled for debate this morning. It was a bill introduced by Senator Weihsing. (Read title.) The bill was introduced on January 5. It was referred to the Agriculture Committee. The bill was advanced to General File. I do have committee amendments pending by the Agriculture Committee, Mr. President.

SPEAKER BARRETT: Thank you. (Cavel.) The house will come to order, please. Committee amendments to LB 54, Senator Johnson.

SENATOR R. JOHNSON: Mr. Speaker and members, as the Clerk has already identified, this bill requires food service establishments to post the type of cooking oils they use in preparation of the food served in that establishment. The committee made actually two changes to the bill, one is the more technical aspect of the committee amendments, simply changing the terminology in the bill as it relates to cholesterol content and changing that to percent of saturated fat. The more substantial committee change would go ahead and have the penalty section amended so that when a food establishment fails to post a sign as to what type of cooking oils are being used, the Department of Agriculture, which administers the Pure Food

March 16, 1989

LB 89, 222, 335, 340A, 361
LR 57

PRESIDENT: The house is under call. Will you please record your presence. Those not in the Chamber, please return to the Chamber so that we may continue. Please look up to see if your light is on. Please check in. Senator Ashford, Senator Baack, Senator Chambers, Senator Goodrich, Senator Labedz, Senator Hannibal, Senator Schmit, Senator Peterson, Senator Rod Johnson. Please return to your seats so that we can see who is here. (Gavel.) Please return to your seats. We're still looking for Senator Goodrich, Senator Chambers, Senator Labedz, Senator Peterson. A request has been made for a roll call vote in reverse order, but we'll wait for a moment till some of the others get here. We're still looking for Senator Goodrich, Senator Labedz and Senator Chambers. Senator Chambers is the only one not here that is not excused. The question, ladies and gentlemen, for those who were not here, is the adoption of the first part of Senator Moore's amendment. All those in favor...we'll be voting and we're going to have a...in favor voting aye and nay, but we're having a roll call vote in reverse order. Mr. Clerk.

CLERK: (Roll call vote taken. See pages 1178-79 of the Legislative Journal.) 25 ayes, 18 nays, Mr. President, on adoption of the amendment.

PRESIDENT: The first part of the amendment is adopted. We'll take up the second part. Senator Moore, did you wish to discuss that any further on the Section 10?

SENATOR MOORE: No, not right now. You go ahead and move it...move the adoption of the second part.

PRESIDENT: Mr. Clerk, did you wish to read something in? The call is raised.

CLERK: Mr. President, I do, thank you. I have a new A bill, LB 340A by Senator Chambers. (Read by title for the first time. See page 1179 of the Legislative Journal.) New resolution, LR 57 by Senator Wehrbein. (Read brief description of resolution. See pages 1179-80 of the Legislative Journal.)

Amendments to be printed by Senator Landis to LB 222, Senator Landis to LB 361, Senator Labedz to LB 335. (See pages 1180-81 of the Legislative Journal.)

March 21, 1989

LB 89, 224, 250, 335, 371, 811

presume we are ready to vote on the advancement of the bill. Those in favor vote aye, opposed nay. Have you all voted? Please record.

CLERK: 30 ayes, 2 nays, Mr. President, on adoption of the motion to advance LB 371.

SPFAKER BARRETT: LB 371 is advanced. Messages on the President's desk.

CLERK: Mr. President, an announcement that Revenue Committee will meet in executive session tomorrow at one-fifteen in Room 1520; Revenue Committee tomorrow, Room 1520 at one-fifteen.

Business and Labor gives notice of confirmation hearing, or a report on the confirmation hearing, I should say.

Amendments to LB 89 by Senator Chambers, LB 250 by Senator Schimek, LB 224 by Senator McFarland, LB 335 Senator Hall, LB 811 by Senator McFarland. (See pages 1269-71 of the Legislative Journal) That's all that I have, Mr. President.

SPEAKER BARRETT: Thank you. Senator Schellpeper, would you care to do the honors?

SENATOR SCHELLPEPER: Sure would. I would move that we adjourn until 9:00 a.m., tomorrow morning, March 22.

SPEAKER BARRETT: You've heard the motion to adjourn until tomorrow morning. Those in favor say aye. Opposed no. Carried we are adjourned.

Proofed by:

LaVera Benischek
LaVera Benischek

March 28, 1989

LB 335, 437

for them. They are an excellent company, they always have been. They do a great job with the way that they operate their business,...

SPEAKER BARRETT: Thirty seconds.

SENATOR McFARLAND: ...and they've always been good. I don't think it would make effect upon them. But I think that for some companies it might. For some companies they would say, well let's keep the jobs here, let's maintain the tax credits, let's preserve those jobs. I don't think we should make the same mistake. We've had a lot of debate. We've only had two people that have really expressed reservations against the bill, Senators Hannibal and Schmit. I admire them for expressing their views, that's their perfect right to do it. The vast majority of senators who spoke on this bill, I think there were about eight or nine of us, all spoke in favor of it and the reason is that the arguments for this bill are...

SPEAKER BARRETT: Time.

SENATOR McFARLAND: ...in favor of it. And I would ask you not to vote according to what Jobs for Nebraska lobby dictates to you, but to vote on the merits of the bill, and I think if you do you'll vote in favor of it. Thank you very much. I urge you to advance it to Select File.

SPEAKER BARRETT: Thank you. Senator McFarland, would you like to check in, please.

SENATOR McFARLAND: I'd like a roll call vote, Mr. President.

SPEAKER BARRETT: Roll call vote has been requested. The question is the advancement of LB 437 to E & R Initial. Mr. Clerk, proceed.

CLERK: (Roll call vote taken. See pages 1367-68 of the Legislative Journal.) 16 ayes, 29 nays, Mr. President.

SPEAKER BARRETT: Motion fails. The call is raised. Anything for the record, Mr. Clerk?

CLERK: Not at this time, Mr. President.

SPEAKER BARRETT: Thank you. Proceed then to LB 335.

CLERK: Mr. President, 335 is a bill on General File. It was a bill originally introduced by Senators Rogers, Korshoj, and Morrissey. (Read.) The bill was introduced on January 11, referred to the Revenue Committee. The bill was advanced to General File. I do have committee amendments pending by the Revenue Committee, Mr. President.

SPEAKER BARRETT: Thank you. Revenue Committee Chairman Hall, on the committee amendments. (Gavel.)

SENATOR HALL: Thank you, Mr. President and members. As the Clerk stated, LB 335 was a bill that deals with the other investment and growth act, this one being LB 270 that dealt with the companies which were not large enough to qualify under 775 credits. This one is supported by business, so it will probably be a lot easier for folks to vote for. The issue in LB 335 would be one of decreasing the necessary investment. In other words, if you remember the minimum requirement, the minimum investment that a company had to meet to receive the benefits under 270 was that of \$100,000.

SPEAKER BARRETT: (Gavel.) The house will please come to order. Senator Hall.

SENATOR HALL: Thank you, Mr. President. ...was that of \$100,000. What LB 335 would do is drop that threshold to \$75,000, so that smaller companies would be able to take advantage of the credits that would be applicable through the investment and the creation of two jobs. What the committee amendments do are approximately five different things. Then I'm going to have an amendment to the committee amendments to clarify them. But first I want to run you through the committee amendments. The committee amendments take and incorporate LB 564, which was a bill that was brought to the Revenue Committee by Senator Ashford. It deals with basically the same issues or some of the same issues that were discussed in LB 270. Probably the best way for you to follow along is to just open your bill books to either 335 or 564 and look at the committee statement. There were five things that the committee amendments did with regard to change. They're simple to follow. The first one was as brought to us by Senator Ashford in 564, was a change that clarified the fact that the investment, the \$100,000, now the 75,000 as provided in 335, would be new investment, that it had to be money that was, or investment that was new over and

above any investment that had taken place previous. So it had to be an injection of new capital, so to speak, into the business, and that the employees, the two employees that were added had to be new employees. It also clarifies secondly the investment that...with regard to the credit, how the credits could be taken and it explains the order in which they are taken. Now it's a very technical aspect there and it deals with the unrefundable credits and excludes the credits that were awarded under 775 from calculation into the 50 percent of the tax liability. So it is a very technical aspect of the amendment. Thirdly it provides that the credits will be distributed to the owner or owners of the business individually, and they have to be taken against their income tax return. They cannot be applied for a...with regard to a sales tax refund. In other words, the benefits are derived to those individual owners, they have to be taken on their income tax, they cannot get a sales tax refund. Fourthly, the committee amendments would provide that the investment, now follow this closely because it is interesting how we treat some of the smaller companies in relation to the larger companies, as 437 would have. Fourthly, provide that the investment and the employment, if they are not maintained, if they are not maintained the state would recapture one-third of the tax credits granted for two years for a maximum recapture of two-thirds of the credits. Okay? So in other words, if the small companies don't perform, we're going to get our money back, we're going to get our credits back. LB 437 would have at least required that jobs be maintained. Fifthly, the amendments change the way that the number of employees are counted. This is basically one of the principal issues that has been addressed through the introduction of these two bills. There has been confusion over whether or not it was actually two employees or three that were required. And if you look at the original draft of LB 270 I think that...and the interpretation of the department has taken on it, it has not actually been to employees, it's basically through the calculation method they have taken. It's amounted to really three that have been required. We would change that through the committee amendments, but at this time I would ask that the amendment to the committee amendments that I offer would be addressed because they deal with this specific issue, Mr. Clerk.

CLERK: Senator, I have an amendment to the committee amendments ahead of yours that is offered by Senator Labedz.

SPEAKER BARRETT: Senator Labeledz. Senator Labeledz, for an amendment to the committee amendments. There is another amendment on the desk. Proceed to that one, Mr. Clerk, we'll come back.

CLERK: Mr. President, Senator Hall would move to amend the committee amendments. Your amendment, Senator, is on page 1271 of the Journal.

SENATOR HALL: Thank you, Mr. President and members. Basically all this does is clarify what the committee amendments attempted to do. It was requested by the Department of Revenue so that there would be a good understanding with regard to this definition of employees and how they are treated. We strike the issue that we had in the committee amendments that dealt with the end of year employment. And what we do is we make sure that the provision is not there for an employer to basically hire someone, for example, on December 31 and take the credits that are provided through the LB 270 act. So we clarify the issue of what constitutes an employee, and it changes the issue with regard to the hold harmless provision that we had incorporated in the committee amendments that the department felt was not defined well enough and that the issue of calculating the tax years for 1987 and '88. They asked that this amendment be adopted to the committee amendments for clarifying those two issues. With that, Mr. President, I would urge the adoption of the amendment to the committee amendments.

SPEAKER BARRETT: Thank you. Discussion on the Hall amendment to the committee amendment? Senator Korshoj, would you care to discuss it? Thank you. Senator Schmit, would you care to....Thank you. Senator Abboud waives off as well. Anyone care to speak to the amendment to the committee amendments offered by Senator Hall? If not, Senator Hall, anything further?

SENATOR HALL: No, I just urge adoption of the amendment.

SPEAKER BARRETT: The question is the adoption of the Hall amendment to the committee amendments to LB 335. Those in favor vote aye, opposed nay. Record.

CLERK: 21 ayes, 0 nays on adoption of Senator Hall's amendment to the committee amendments, Mr. President.

SPEAKER BARRETT: The amendment is adopted.

CLERK: Mr. President, the next amendment I have is by Senator Landis. Senator Landis would move to amend the committee amendments by striking Section 4.

SPEAKER BARRETT: Senator Landis, please.

SENATOR LANDIS: Thank you, Mr. Speaker, members of the Legislature. If you've got your bill book, let's open right up there to the committee statement. You'll see that we're amending existing language, 77-27,190 and we're changing some provisions of the package of bills that passed two years ago, LB 270, under Senator Chizek's leadership. And frankly we've established a principle today that we're not going to change this package of bills. Doesn't make any difference what was intended, doesn't make any difference what the representations were, the point is we passed these bills two years ago and we're not going to change them. Doesn't make a difference if there is a good argument, doesn't make any difference what time has shown us in the intervening occasions, we're going to live by the sword which is the language that we passed two years ago, fair enough. Here's some changes. If you won't give the taxpayer, to whom the tax burden gets transferred by giving these credits away, if you won't help that person out, which is 98 percent of your district, seems to me you can flip the coin on the other side and say, hey, this is what you're entitled to and no more. Here is some language that is going to get changed from this package of bills, and I read very clearly the results of the last vote and we're not going to change language. We're going to live by this package of bills. I simply ask for the body to stand by the principle. I think it's enunciated today that unintended consequences will not be redressed by this body, and we're going to live with the results of our actions two years ago, and that is the amendment. Thank you.

SPEAKER BARRETT: Thank you. Discussion on the Landis amendment? Senator Korshoj, would you care to discuss it?

SENATOR KORSHOJ: Mr. Speaker and members, let me ask Senator Landis a question. You're striking Section 4?

SENATOR LANDIS: Yes.

SENATOR KORSHOJ: That's the tax credit.

SENATOR LANDIS: That's the averaging provision.

SENATOR KORSHOJ: Averaging provision. That's all...

SENATOR LANDIS: It's the way you calculate the tax credits, right.

SENATOR KORSHOJ: Okay, thank you.

SPEAKER BARRETT: Senator Schmit, would you care to discuss the Landis amendment? Senator Schmit. Senator Smith, would you care to discuss the Landis amendment? Thank you. Senator Hall, followed by Senator Ashford.

SENATOR HALL: Thank you, Mr. President. I rise in support of Senator Landis's amendment to the committee amendments. I think the issue has been clearly stated in earlier debate on LB 437 that the body does not wish to alter in any way the provisions in the growth acts as we have passed them in 1987, and with that, the amendment that Senator Landis offers would keep us true to form and allow for the purity of those statutes to remain intact. I would urge the body's adoption of that amendment.

SPEAKER BARRETT: Thank you. Senator Ashford, would you care to speak to the amendment?

SENATOR ASHFORD: Thank you, Mr. President. I would...I rise in opposition to the Landis amendment. I think the flip side of what Dave is saying is that if we look at where we were in 1986, losing jobs, losing people out of the State of Nebraska and look where we are now. I think that's the flip side of suggesting that we're putting the tax burden on the 98 percent of the people that live in our district. I'll tell you what kind of tax burden we would have had, in my opinion, in Nebraska if we hadn't done something about our economic problems and it would have been a substantially greater one than had we done something. So I think that there is a flip side to all of these arguments. Secondly, if we adopt the Landis amendment we will continue to have LB 270 be underutilized. The way LB 270 is now interpreted it's possible in many cases, on the investment side of LB 270, for an individual to make \$100,000...or a company to make a \$100,000 investment and have it be averaged or down to 50,000, depending upon what time of

the year the investment was made. And that was not the intent of that...of LB 270 when it was originally passed and introduced by Senator Chizek. Just a quick aside on the other bill, on Senator McFarland's bill. Clearly there was debate, there was long debate, and I remember clearly Senator Johnson talking about the Goodyear example and the problem where if you make a \$20 million investment and if you...if employees are laid off do you still get the tax credit. We talked about it over and over again. There are two sides to LB 775, the investment side and the employment side and both are valuable. So I think we were consistent with our debate in 1987 by the vote we just had on LB 435. Even though we need to always look at it and be aware of problems I don't think drastic changes are necessary. But on LB 270 the problem is it wasn't working. We want these tax credits to be positive, to work, and if they're not working, if they're not encouraging investment like they were originally intended to do then we make the changes we need to...why have 270 if the investment part of it is not working properly? I'd just as soon repeal the whole thing, if it's not working. So I think that the amendment that Senator Landis is offering is somewhat I realize to be consistent with the vote on the prior bill, however it is not consistent because LB 775, in my opinion, is working generally. LB 270 is not working to its capability and that's why I've offered the bill which is part of this amendment, the averaging provision. So with that I would urge the body to reject the Landis amendment and vote the bill across. Thank you.

SPEAKER BARRETT: Thank you. Before recognizing Senator Landis for additional discussion, the Chair is pleased to announce that in the north balcony we have representatives of the Council of Catholic Women from across the state and their chairman. Would you people please stand and be recognized by your Legislature. Thank you, we're very happy to have you with us this morning. Senator Landis, followed by Senators Hall and Wesely.

SENATOR LANDIS: Thank you, Mr. Speaker, members of the Legislature. Senator Smith asked for just a little more explanation about what Section 4 entails. Section 4 is the way you figure an LB 270 credit, what you have to do to get the credit. Currently it's been interpreted that you've got to have these two employees for the entire year. This new language reduces that responsibility to have basically an average increase over time. I'm sorry, not an average increase over time, but if there are two employees at the end of the year

higher than the first day of that taxable year you get the credit. What it means is it will be easier to qualify for LB 270 credits, fair characterization. That in more circumstances an investment done late in the year will qualify for 270 credits. Okay? My point is this, take a look at the bill book, it's changing the way that we calculate credits. Can't be doing that, body's made this clear. We can't change the way we calculate credits. Whether they have an unintended or an intended consequence or not, that language is sacrosanct. That language was made in a blood signed oath with Mike Harper, with the Omaha Chamber of Commerce, with Jim Ryan and the Jobs for Nebraska and the hundreds of thousands of dollars they spent to persuade us that that was a good idea. Now, listen, I'm just saying we make an oath, apparently we're supposed to keep an oath. We've been called to task today, we've all run out. We've heard the message, we've come back in and we've been reminded of the oath. All right, it's oath time. Let's keep the oath. Let's strike this section.

SPEAKER BARRETT: Senator Hall.

SENATOR HALL: Thank you, Mr. President and members. You know Senator Landis is right, that's the worst part about this amendment, because...but, David, I'm going to change my mind. And it's not because I've been drug out to the lobby. That doesn't work, you know that. The issue here is that LB 335, and the amendments as the committee has offered, as they've been amended, is a good bill. LB 437 was a good bill. But because the lobby has said basically that you should support one and not the other, the Legislature has turned its back on doing what is right as opposed to what, I guess, is politically expedient with regard to the issues that the lobby would have us address. So I'm not going to support Senator Landis's amendment because 335 is a good bill. It was brought in by folks who said this provision is not working, that we offered in LB 270. Small businesses aren't being able to take advantage, and they should be able to. They have as much right as the biggest corporation in this state because they provide more jobs. The small businesses in this state are the backbone of our economy, the ConAgra's aren't, the US West's aren't, those other companies. They provide much needed employment, they provide much needed benefit to the state, but they're not the backbone of the state. The people that qualify under the LB 335 provisions, those are the people that make Nebraska run. Those are the people we ought to help. So, Senator Landis, I'm going to change my mind,

but it's not because you're not right. Your point is very well taken. What we ought to do is we ought to reconsider our vote on LB 437 because at some point in time we have to quit bending over to the lobby, because, ladies and gentlemen, there was nothing wrong with that bill. LB 437 clearly spelled out what we intended to do and the fact that jobs are what we intended to create when we passed those bills. There is no need for us to go on being afraid to amend 775 when it's an improvement on what we passed. LB 335, the committee amendments as they're offered, make 270 a better piece of legislation. We should adopt the committee amendments, we should oppose Senator Landis's amendment and we should pass the bill onto Select File. But we should come back to LB 437 and we should give that a green vote to advance it over to Select File as well, because it does nothing more than do the same exact thing for the 775 companies of the state. It protects jobs in Nebraska, and that is what we intended to do, that is what we did do, but we need to spell that out clearly. Let's do it, let's not back up to the glass and say, how would you like it? Let's stop playing "Burger King" and give it to them their way, let's do it the way it ought to be done, let's do it right, let's pass this bill over and take care of the little people because they are the ones that clearly need it. But, for God's sakes, let's not lose sight of those people that work for the larger companies because they need to be protected as well. I don't care how much the investment is, those jobs are just as important as the jobs that are provided for in LB 270 and LB 335, as we amended. I would urge the body to reject Senator Landis's amendment, although in principle I agree, and move on and adopt the committee amendments and then advance LB 335 to Select File. Thank you, Mr. President.

SPEAKER BARRETT: Thank you. On the amendment to the amendment. Senator Wesely.

SENATOR WESELY: I call the question.

SPEAKER BARRETT: Senator Wesely moves the previous question. Do I see five hands? I do. Shall debate now cease? All in favor vote aye, opposed nay. Record, Mr. Clerk.

CLERK: 27 ayes, 3 nays, Mr. President, to cease debate.

SPEAKER BARRETT: Debate ceases. Senator Landis, would you care to close on your amendment?

SENATOR LANDIS: Thank you, Mr. Speaker, members of the Legislature. This is, I would confess, a symbolic amendment. I think Senator Hall has correctly stated in that sense. And were I certain that the body would reverse its position on 437 I would follow his advice and withdraw the amendment and let that course of action take its natural sequence. I don't believe that that will happen. I think the body has basically caved into the lobby, that's, I guess, the way I would say it. And I think our course of action today tells us this, that the wall that protects 775 and 270 is impregnable. There isn't any justifiable, rational, sensible, defensible amendment that can be made which the lobby will permit this body to make. There is one and only one way that this gravy train is running, and that is to make the tax credits larger. This is not...there is not two-way traffic here. We're not trying to improve policy which in some cases may be to broaden and in some cases to narrow. There's only one way this gravy train runs, and that's to make tax credits larger, and that is what 23...335 does, and 335 will streak through this body. It will give more money away, it will transfer more money, it will change existing law where existing law represents any kind of an impediment to that happening. But to do the reverse, to find out what 775 is doing, to get disclosure language, to get the kind of intended consequences we thought we were voting for two years ago, this body won't do. And frankly on another day when I was being a little more reasonable I'd withdraw the amendment, but not today. Today it's going to be a record vote and we're going to make sure everybody knows who is riding the gravy train and who helps the engineers, out in the lobby, do that. I move for the adoption of the amendment. Thank you.

SPEAKER BARRETT: Thank you. You've heard the closing. The question is the adoption of the Landis amendment to the committee amendments. Record vote has been requested. Those in favor please vote aye, opposed nay. Have you all voted? Please record.

CLERK: (Read record vote as found on pages 1368-69 of the Legislative Journal.) 5 ayes, 31 nays, Mr. President, on adoption of the amendment.

SPEAKER BARRETT: Motion fails. Next item.

CLERK: Mr. President, Senator Labedz would move to amend the

committee amendments. (Labeledz amendment is found on page 1181 of the Journal.)

SPEAKER BARRETT: Senator Labeledz, please.

SENATOR LABEDZ: Thank you, Mr. President. This amendment is found on page 1181 of your Journal, it's a very simple amendment that removes the county treasurer and the county assessor as ex-officio members of the Land Reutilization Authority Commission. In 1973, the Land Reutilization Authority Act was passed to administer the tax delinquent lands. It applies to counties with a population of over 350,000, so it does just apply to Douglas County, and establishes a Land Reutilization Commission consisting of five members, one of whom is appointed by the governing body of the largest city within the county, another appointed by the Board of County Commissioners, and a third appointed by the Board of Education located in the largest city of the county. In addition, the act made the county treasurer and the county assessor the ex-officio members. All commissioners, including the ex-officio members, are required to post a \$15,000 surety bond annually to guarantee the faithful performance of their duties. As I noted earlier, this amendment will remove the county treasurer and the county assessor as the ex-officio members of the commission but they will continue to furnish information to the commission and retain their administrative duties, but the county will not have to pay the cost of filing two \$15,000 surety bonds. I ask that this amendment be adopted.

SPEAKER BARRETT: On the amendment offered by Senator Labeledz, discussion? Senator Schmit, your light is on. Senator Schmit. Senator Smith, Jacklyn Smith, followed by Senator McFarland.

SENATOR SMITH: Thank you, Mr. Speaker. I would like to ask a question of Senator Carson Rogers, if I might, please. Carson Rogers. Well, Carson, anyway I'll call you that. Would you have any...How did you determine the \$75,000 as the lowest amount of money that...in your determination to lower the amount?

SENATOR ROGERS: I guess I can try to answer. You're not addressing the amendment to the amendment to the...

SENATOR SMITH: No, I would like to talk. I passed the last time and we keep getting amendments up and I'd just like to

ask...

SENATOR ROGERS: No, Senator, it was just through some small businesses back in my district, small, I call relatively small little companies. We just come up with a figure. You know, we couldn't have gone too far or the body wouldn't accept it, so we had no mathematical genius to come up with it. We thought we'd lower it by \$25,000, that then it may give some of the little companies in little towns a chance to comply.

SENATOR SMITH: See, I just wonder if maybe there would be a consensus in the body that we might go a little bit lower even, because we know that what we consider to be small businesses many people in here don't really identify with. And even \$75,000 is a lot of money for a one or two person business in some of the little towns that you and I have in our districts and across the state to be able to even make use of this.

SENATOR ROGERS: No, I necessarily wouldn't have any problems with it. I just think it might defeat the whole bill because if you try to lower it to 25 or 50,000 and still give the same credits, I think you're going to run into a lot of opposition, Senator. But I don't disagree with you, but I just figured we went as low as we could go and still get the bill passed.

SENATOR SMITH: Maybe we can bargain a little bit on Select or something with some people.

SENATOR ROGERS: Yes, we could talk before Select and see what the feeling is.

SENATOR SMITH: Okay. I would like to have the chance to sit down and visit with you because I do happen to know, in working with the mainstreet business program across the State of Nebraska, that there is not anything out there right now, people, for many of our tiny businesses to keep them going or to get them started. In this case this would be an incentive for them and they have not taken advantage of 270 because of the fact that they simply don't have the kinds of finances that they could put into the business when they're struggling to survive at this point in time. So, for that reason I think that maybe we might even consider going even lower than this figure and I would be very supportive of that.

SENATOR ROGERS: I'd be very glad to have dialogue with you and

see if we thought there was a chance.

SENATOR SMITH: Okay, thanks a lot.

SENATOR LAMB PRESIDING

SENATOR LAMB: Senator McFarland, please.

SENATOR MCFARLAND: I'll pass.

SENATOR LAMB: Next on our list is Senator Hartnett. Senator Korshoj.

SENATOR KORSHOJ: Mr. Speaker, members, is this on the amendment, on Bernice's amendment?

SENATOR LAMB: Yes, on the amendment, Sir. The Labedz amendment.

SENATOR KORSHOJ: I believe I'll pass on the amendment. Thank you.

SENATOR LAMB: Senator Hefner.

SENATOR HEFNER: Mr. President d members of the body, I guess I really don't understand Senator Labedz's amendment. Senator Labedz, would you ask...would you answer a few questions for me?

SENATOR LABEDZ: Yes, Senator Hefner.

SENATOR HEFNER: What does your amendment have to do with a tax credit?

SENATOR LABEDZ: It's the same chapter, Senator Hefner,...

SENATOR HEFNER: Oh.

SENATOR LABEDZ: ...and we were looking for, and I'll be truthful with you,...

SENATOR HEFNER: Okay.

SENATOR LABEDZ: Douglas County brought the amendment to me, we were looking for a bill that we could amend to remove the county treasurer and the county assessor. It's the same chapter and we

thought we'd try it. (Laughter.)

SENATOR HEFNER: Senator Labedz,...

SENATOR LABEDZ: Are you questioning the germaneness? (Laughter.)

SENATOR HEFNER: Senator Labedz, if you were in the Chair and we would ask you to rule on the germaneness, how would you rule?

SENATOR LABEDZ: Well I was supposed to be up in the Chair and Senator Barrett did ask Senator Lamb to go up in the Chair. I will admit I would have said it's not germane.

SENATOR HEFNER: Okay, thank you for being so honest. So I'll ask the Chair for a ruling on this.

SENATOR LAMB: The Chair rules that the amendment is not germane.

SENATOR LABEDZ: And, Senator Hefner, I respectfully withdraw the amendment. (Laughter.)

SENATOR LAMB: The amendment is withdrawn. Back to the committee amendments at this point. Senator Hartnett, did you wish to address the committee amendments?

SENATOR HARTNETT: Yes, Senator Lamb and members of the body, I simply think that one of the...we did a couple of years ago...Senator Chizek's bill and 775, I think it was Revenue Committee or Senator Vard Johnson, we passed two very, very important bills for this state as far as tax incentive for businesses. What we have discovered that because of this carryover from year to year with 270 has not been used, and I think we need to congratulate Senator Rogers for bringing this bill forward because it does, with the committee amendments, take care of some of the problems and help small business. Like Senator Hall said earlier, that's the roots of this state, along with agriculture, is the small businessman, that's where...makes the engine go of the state, of the economy of the state. So I think that I support the committee amendments, I support the bill. I think it's really...clears up some problems we had with businesses being able to use LB 270 we had a couple of years ago. Thank you.

SENATOR LAMB: Chair recognizes Senator Korshoj on the committee amendments.

SENATOR KORSHOJ: Mr. Speaker, members, I am all for the committee amendments. As I talk to people out in rural Nebraska the last couple of years they found the averaging was just murder to qualify for this. When they had to invest more than they had been investing the prior three years by \$100,000 they just couldn't qualify. We've had a lot of words tossed around about symbolic and policy and et cetera. I don't see any way we should even tie this bill to 775, even though they were part of the same economic development package. LB 775 had nothing to do with what the Legislature wanted. The bill was given to us by corporate Omaha, and they said, here's what we want and here's what you get, and we gave it to them. I think we should do the same with these small business bills. In the year 1987 there was only 54 businesses, in out state Nebraska, that qualified for this bill. And there are hundreds of more small businesses than there are gigantic corporations in the state, yet 200 of them qualified for the bill that they drafted, the bill that they gave us. So I think in all fairness to small business we do need to put that at 75,000, and I know it's a negotiable term, Senator Smith, but I think we can also make it too low. We've got to have incentive in it somehow. Maybe the problem you're eluding to should be addressed in another way. I'm not sure, I'll be glad to talk to you about it. I don't want to make it too easy. I want some incentive in it. I think that at 75,000 and eliminate the averaging, I think we will offer something to a lot more businesses in out state Nebraska. And the cost is not that great. It's nowhere near the cost of what 775 is. The people who qualify, they don't get that much benefits out of it, but it's an incentive and that is really what I want to do is give them that incentive. So I'm for the committee amendments and I'm for the bill, and I hope it just dances through here because we're not giving the shop away. It's a very good piece of legislation. Thank you.

SENATOR LAMB: The Chair recognizes Senator Ashford on the committee amendments. Senator Ashford seems to be out of the Chamber at this point. We'll go on to Senator Rod Johnson.

SENATOR R. JOHNSON: Mr. President, my comments here this morning on this have nothing to do with the amendments. But there has been representation made on this floor in relationship to 335, and that those of us who did not support Senator

McFarland's efforts were manipulated by the lobby. I guess I find that to be an unfair representation of my vote on that bill and I assume there are others in this body that object to that representation. Some of us did have legitimate concerns with the way the bill was constructed. Senator Conway brought to me an amendment that he shared with me that if it had been offered and adopted I would have voted for the bill. And I don't think that there is connection between the efforts being made on this bill and the efforts that were made on LB 437. Now Senator Landis and Senator Hall had their opinions about why certain individuals voted the way they did on those bills, but I did have legitimate concerns and I don't want to be type-cast, if you will, that the lobby pulled the string in my case. I usually don't get off on these type of situations because I find them often times just to be bait. But the fact of the matter is I guess I did have legitimate concerns. I will support 335 as amended. But I still have interest in supporting 437. I think Senator Conway will offer his amendment probably on the next debate when we get around to that again, and more than likely some of us who did not support its advancement this morning will vote for it. But I do not appreciate the representation made by some on this floor that those of us who voted against it were not being consistent with our feelings about 775. I just say this largely for the record and for my own personal vindication.

SENATOR LAMB: The Chair recognizes Senator Wesely on the committee amendments.

SENATOR WESELY: Question.

SENATOR LAMB: Question has been called. Do I see five seconds? I do. All those in support of ceasing debate vote aye, those opposed no. Record, Mr. Clerk.

CLERK: 26 ayes, 1 nay to cease debate, Mr. President.

SENATOR LAMB: Debate has ceased. Senator Hall, to close on the committee amendments.

SENATOR HALL: Mr. President, members, the committee amendments again are clearly, I think, spelled out through debate. But...and I won't touch on them very much, other than the fact to point out that we do treat businesses differently, so there is a correlation, as limited as it might be. We do treat businesses differently. We're treating, through the committee

amendments and through LB 564, which basically are the committee amendments that we will adopt to this bill, we penalize the small businesses when they do not perform, we penalize them. We go back and we recapture those tax credits. Take a look at the bill, take a look at the committee amendments. We're going to adopt those. But in the case of the larger companies that qualify under 775 provisions, we don't penalize them. We don't at least require them to provide the same number of jobs at the time that they applied for those credits at the end, as 437 would have allowed us to do. So, like it or not, the issue was there and I guess I would have liked to have seen Senator Conway's amendment at the time we debated the bill. But that time has come and gone and I think 437's time has come and gone as we are on the 28th day of March in this session. But here we have LB 335 which, through the adoption of the committee amendments, does clarify the LB 270 act that deals with the smaller companies. It does provide for a lesser investment, it does clarify the issue of the two employees. It does clarify the aspect with regard to the averaging of the income and the investment specific to that. And it does penalize those small companies if they don't perform. That is part of the committee amendments, that is part of what the proponents of the bill supported and wanted to see in place. I would urge the adoption of the committee amendments.

SENATOR LAMB: The motion is the adoption of the committee amendments. Those in support vote aye, those opposed vote no. Have you all voted? Please record, Mr. Clerk.

CLERK: 35 ayes, 0 nays, Mr. President, on adoption of committee amendments.

SENATOR LAMB: The committee amendment has been adopted. Senator Korshoj or Senator Rogers, who is to open on the bill? Senator Rogers.

SENATOR ROGERS: I'll start in. I just...I wish Senator Landis was here. I mean I can see no connection between the vote on 437 and this particular bill. I think you should all realize we didn't have a Mr. Harper out there in Ord, Nebraska or Burwell, Nebraska, working for us on this bill, the original bill. So maybe we needed someone like that. Maybe some of these problems could have been worked out ahead of time. When I brought this bill down in January I talked to the Revenue Department. They were wholeheartedly for it. They said the way the bill was

drafted that there was not that many companies being able to use it. It's a more...we heard this morning it's a more stringent bill than 775, complying with the rules over a period of time. Definitely there is a need. Senator Smith made a comment she'd like to see it even lower for the little towns that we represent. Seventy-five thousand dollars is a lot of dollars for little communities like where I come from. But at least it's a lot better than \$100,000. I'd like to see the bill advance. I think we can complete this bill in a few minutes and go to lunch.

SENATOR LAMB: Motion on the desk.

CLERK: Mr. President, Senator McFarland would move to indefinitely postpone LB 335. Senator Rogers would have the option to lay the bill over, Mr. President.

SENATOR ROGERS: No, take it up.

SENATOR LAMB: Senator McFarland, on the motion to indefinitely postpone.

SENATOR MCFARLAND: Thank you, Senator Rogers, I appreciate it. Wanted a chance to speak. I've had my light on. I had it on before but Senator Labedz's amendment was up, and since I wasn't really going to speak on that, I wanted to speak on the bill, not the amendment, I passed. I'd first of all like to thank my colleagues, Senator Hall and Senator Landis, for being so upset and angry and chagrined and taken aback by the fact that LB 437 only got 16 votes on the floor. In my view they have a legitimate reason to be upset and angry because the concept of 437 was excellent and it relates to this bill, I might add as well. Perhaps I'm not as upset and angry as I used to be, maybe it's because I'm used to being defeated on these kinds of proposals regarding anything that questions or challenges 775. However, I've not given up and I will continue to urge reconsideration of 775 because it's not doing a positive benefit for our state. I plan to vote in favor of LB 335, probably, unless I hear something that I'm not aware of in the bill right now. I supported LB 370...or 270, and I supported before that the bill that preceded that that related to it, which was LB 1124, as I recall. The reason I do is because, in fact, small businesses are really being taken advantage of by the large corporations who get all the big benefits under LB 775, whereas the smaller corporations or the small business persons

have a difficulty competing. I think Senator Schmit mentioned that this morning in his comments about the per employee benefit under 270 as compared to the per employee tax credit under 775. There's a drastic difference. In isolation I might, you know, I would have to look at LB 270 and this...LB 335 very closely. But it isn't in isolation. If we are going to maintain and perpetuate a tax giveaway like LB 775, then it seems to me only appropriate that LB...bills like LB 335 and LB 270 and LB 1124, before it, be given consideration and also be enacted and passed, because small businesses are in competition with large corporations. Believe it or not large corporations are able to use 775 to, in effect, in some cases drive small businesses out of business. I'd refer you to an article that appeared in the March 27, 1989, editorial page, I think this was of the Lincoln Journal, maybe some of you saw it. It is in apaise or dissent, LB 775 may be the wrong handle. I'd just like to read to you from that because it compares the situation of IBP moving into Lexington and what that impact that had on the number of jobs in that community and the businesses in that community. It says it is not until you add up all the costs, as well as benefits, that the full picture emerges. The IBP plant proposes for Lexington, proposed for Lexington, offers an example of how incomplete accounting can distort the LB 775 advantage. To piece together the full picture of economic impact means that we have to ask different questions from those asked by the advocates of 775. Yes, the Lexington facility will create 1,300 jobs, but do they represent a net increase in the jobs in a way that really benefits the state? The answer is no. It turns out there is already more slaughter house capacity in Nebraska than there are cattle, in fact present estimates indicate that at least 25 percent surplus capacity in the state. A large conglomerate, like IBP, with its proposed Lexington capacity, will drive out the local packers who are not that well financed. This is an already established industry trend. Since this group with smaller plants also employ a substantial number of workers, people whose jobs will be displaced, the net effect of the Lexington plant may be a wash, so IBP reaps the benefits of LB 775 while Nebraska gains very little in the form of new jobs. LB 775 is a flawed concept. The recent study that rated Nebraska very low in economic development, they asked Mr. Horowitz, the report director and former tax policy analyst from New York City about why 775 wasn't taken into account in their ranking of Nebraska on the economic development scale, and he said, we don't think it's good policy. I've crafted many a tax credit bill and I've never seen one of them that worked. It

seems to me ludicrous that Jobs for Nebraska, the lobbying group, even the name suggests that they want jobs creation, would oppose a bill like LB 437, which in effect says we're not going to give you tax credits for taking and eliminating jobs from Nebraska. In effect Jobs for Nebraska is a lobbyist group, in effect, advocates and they are urging tax credits for large corporations that are eliminating jobs in Nebraska. To me that is the ultimate in hypocrisy. If you check out Iowa and Kansas, their growth in economic development, our neighboring states, is outpacing Nebraska's economic growth. They don't have LB 775, they are doing it with a more focused, a more direct, a more reasonable approach. LB 775 isn't the reason for Nebraska's economic situation, we are affected by many other things, agriculture, markets, ag subsidies from Washington. As a matter of fact I think LB 775's effect is minimal at best, and it's biggest impact is it raised the taxes of the people in the State of Nebraska for the past two years. Nevertheless, I want to thank my colleagues who voted for 437 and tell them that I'm going to vote for LB 335 anyway, because I think small businesses, in order to have some reasonable chance to survive against large corporations like IBP, need some kind of break as well. I would urge my fellow senators and the people that supported 437 and supported efforts to change 775 to keep the faith. The facade is crumbling, the illusion is disappearing, people in Nebraska are seeing a new light and a new day will dawn when we will realize that LB 775 has, in effect, caused a tax increase for the citizens of our state and that policy is doomed to failure. With that I would withdraw the motion, Mr. Chairman. I thank you for the opportunity to speak.

SENATOR LAMB: Thank you. The motion is withdrawn. Our next speaker will be Senator Korshoj on the bill.

SENATOR KORSHOJ: I res...Mr. Speaker, I call the question.

SENATOR LAMB: Question has been called. Do I see five seconds? I do. All those in support of ceasing debate vote aye, those opposed no. Have you all voted to cease debate? Have you all voted to cease debate? Record, Mr. Clerk.

CLERK: 27 ayes, 3 nays to cease debate, Mr. President.

SENATOR LAMB: Debate is ceased. Senator Rogers, to close on the bill.

March 28, 1989

LB 335, 379, 437, 780

SENATOR ROGERS: Mr. President, body, I think we've had plenty of debate on this bill. I think everyone stands at ease now that they know what it means, what it will do for small towns, small communities out in rural Nebraska. I don't think that there is any need to explain it anymore. I just ask for the advancement of the bill.

SENATOR LAMB: Debate is ceased. The motion is to advance LB 335. All those in support vote aye, those opposed no. Have you all voted? Record, Mr. Clerk.

CLERK: 40 ayes, 1 nay, Mr. President, on the motion to advance LB 335.

SENATOR LAMB: LB 335 has been advanced. Anything on the desk, Mr. Clerk?

CLERK: Mr. President, I have amendments to be printed from Senator Smith to LB 780. and Senator Hartnett to LB 437. Attorneys General Opinion addressed to Senator Hartnett (re. LB 379) and an explanation of vote from Senator Kristensen. That's all that I have, Mr. President. (See pages 1370-73 of the Legislative Journal.)

SENATOR LAMB: Senator Hannibal, would you care to recess us over the lunch hour?

SENATOR HANNIBAL: I will, Mr. Speaker, Mr. Chairman. I would move we recess until one-thirty.

SENATOR LAMB: All those in favor say aye. We are recessed.

RECESS

SPEAKER BARRETT PRESIDING

SPEAKER BARRETT: Roll call.

CLERK: I have a quorum present, Mr. President.

SPEAKER BARRETT: Any announcements?

CLERK: Nothing at this time, Mr. President.

March 30, 1989

LB 54A, 335, 335A, 395, 705
LR 63, 65

SPEAKER BARRETT PRESIDING

SPEAKER BARRETT: Welcome to the George Norris Legislative Chamber for the final work day of this week. The opening prayer by our chaplain this morning, Reverend James Carmon of the Old Cheney Alliance Church here in Lincoln. Reverend Carmon. (Gavel.)

REVEREND CARMON: (Prayer offered.)

SPEAKER BARRETT: Thank you, Reverend Carmon. We hope you can come back again another day. Roll call.

CLERK: I have a quorum present, Mr. President.

SPEAKER BARRETT: Thank you. With a quorum present, any corrections to the Journal?

CLERK: No corrections, Mr. President.

SPEAKER BARRETT: Any announcements, messages or reports?

CLERK: Mr. President, Enrollment and Review reports LB 54A to Select File; LB 335, Select File with amendments; LB 335A, Select File; LB 705, Select File with amendments, and LB 395, Select File, those all signed by Senator Lindsay as Chair of Enrollment and Review. (See pages 1398-99 of the Legislative Journal.)

Mr. President, study resolution offered by Senators Wesely, Schellpeper, Goodrich, Crosby, Dierks and Byars. (Gave brief description of LR 65 as found on pages 1399-1400 of the Legislative Journal.) That will be referred to the Executive Board. That's all that I have, Mr. President.

SPEAKER BARRETT: Thank you. While the Legislature is in session and capable of transacting business, I propose to sign and I do sign LR 63. Also, pleased to announce that Senator McFarland has some guests in the north balcony. We have six students from Lincoln, specifically Victory Fellowship Church School, and their teacher. Would you folks please stand and be recognized. Thank you. We're glad to have you. Again, a reminder, we are proceeding into consent calendar at this point, LB 706. A reminder that bills can be struck from the consent calendar with three signatures. A very specific reminder that

SENATOR LINDSAY: I move that LB 54A be advanced.

SPEAKER BARRETT: The question is the advancement of LB 54A. All in favor say aye. Opposed no. Ayes have it, motion carried, they are adopted. The A bill is advanced. LB 335.

CLERK: Mr. President, I have E & R amendments on 335, Senator.

SPEAKER BARRETT: Senator Lindsay.

SENATOR LINDSAY: There are E & R amendments?

CLERK: Yes, sir, E & R.

SENATOR LINDSAY: Mr. President, I move the E & R amendments to LB 335.

SPEAKER BARRETT: Shall the E & R amendments be adopted? All in favor say aye. Opposed no. Carried, they are adopted.

CLERK: Mr. President, Senator Wesely would move to amend the bill. (Wesely amendment AM1209 is on pages 1478-81 of the Legislative Journal.)

SPEAKER BARRETT: Senator Wesely.

SENATOR WESELY: Thank you, Mr. Speaker, members. I've passed out, for your review, amendments to LB 335 that reflect concern I've had since the passage and even while we passed LB 775, that's providing for greater accountability and disclosure to the public as to the cost and benefit of that piece of legislation. The bill that this reflects the amendment, again if you have a chance it's AM1209, it has been distributed. There is a summary of the amendment attached to it, and it is essentially the same version of the...a bill that I had before the Government Committee, LB 432, I believe was the bill number on that. That bill was unfortunately not advanced and had a short life in the Government Committee. But dauntless I pursue this issue, and I will until succeeding, in time, to try and bring to the taxpayers of this state and to the general public a better understanding and recognition of how important LB 775 and LB 1124 are to dealing with the issues of economic development and good tax policy. I want to start maybe back at the beginning and talk a little bit about why I'm so concerned about this whole issue and what I'm trying to accomplish by it. First

off, LB 335 deals with the original bill that got us involved in the whole idea of jobs and tax credits. And that bill was 1124, passed in 1986, and further amended by LB 270 the following year. Now this bill, LB 335, further amends and further expands the access to credits and benefits under that piece of legislation. There are two parallel bills, one for the smaller businesses, and one for the larger businesses of the state. The larger businesses under 775, the smaller businesses under 1124 and 270. What I'm saying is, if LB 335 is to proceed and we are to expand the benefits under that bill, it's also fair to ask that we have greater accountability and understanding of what is involved in that piece of legislation. So the only difference between this amendment and the original amendment, original bill that we had in the Government Committee, is that we're not only doing a cost benefit analysis on LB 775, but we're also doing it for the other act, for the smaller businesses. It's only fair that for both cases we have an understanding of what is involved. So, although there may be a challenge to germaneness, I have anticipated that and I think I've dealt with it and we'll have to deal with this issue straight up. Now let me again start back at the beginning on this whole issue and why this is important to me and why I continue to pursue it and will continue to pursue it. You know, I started the whole concept of trying to take jobs and provide an incentive to create them. It started back in 1982, with another senator that I rarely agreed with, Senator Bob Clark and I, we co-sponsored an amendment on a corporate tax increase to provide for corporations credit for jobs created and investments made. And that is the first time that this Legislature looked at that idea. There were three votes for it, I think Bob, I and somebody else who will remain nameless, because I can't remember who they are. That's where we got started. That followed by an interim study in 1982 that eventually led to the introduction, in 1983, of a bill that Senator Hannibal and I will remember forever probably because we constantly came up two votes short, every time we tried to bring it up we were close but not quite. Ever since Senator Hannibal and I have had an interesting relationship trying to keep from working together so that we could at least pass a few bills that we introduce. But, in any event, LB 560 was a bill that Senator Hannibal, myself, Senator Howard Peterson, another gentleman I rarely agreed with, and Senator Abboud co-sponsored. We came two votes short of passing that bill in 1983. But what is interesting about that bill is that it calls for \$150 for a \$100,000 investment and each job created, \$150. And on the one handout I have you'll see a chart that starts to show a little

bit of how that worked, because now we're going from \$150, that we first talked about in 1983, to six years later, LB 335 would take that very credit and make it \$1,500, that's a tenfold increase over the original bill that we had considered in 1983. So when we were talking about a tax credit back then we weren't talking anywhere near the same number of dollars. We waited three years and in 1986, again, we reintroduced the concept of a tax credit. And Senator Hefner and I worked on that piece of legislation, LB 1124. Senator Hefner picked it as a priority bill and we were able to see that bill pass. That was the original Employment Expansion Investment Incentive Act. That act has been referred to as LB 270, which is not the case. That act is LB 1124, and it was passed by this Legislature in 1986, and signed by Governor Kerrey before we ever got to the LB 775 concept and to some of these other issues. Why I mention that and why that's important is as we have seen the history of this piece of legislation versus LB 775, with this piece of legislation that I drafted and Senator Hefner helped me with as a priority bill, was a very tight piece of legislation, was not that much money involved, and ever since we've tried to expand the benefits under that bill. Senator Chizek tried to do it and did succeed in 1987, and then Senator Korshoj and Senator Rogers this year are trying to do that. In other words, a bill drafted by the Legislature was tighter and needed to be expanded versus LB 775, a bill drafted by the lobby, drafted by ConAgra, essentially, that we've ever since tried to narrow back down and tighten down because it was drafted too broadly. I think it's a sign and a very definite sign of the different tracks these two issues have gone down, one a legislative initiative...initiated idea, and the other one obviously coming from the corporate community. But, in any event, LB 1124 was passed and that piece of legislation called for a \$500 credit, up from the \$150 original bill, and then also limited to 50 percent of the employer's tax liability. Again, our concept was to provide a tax incentive, but not to make it so great we wiped out the tax liability of various corporations. A little different than 775. We had some limitations, we tried to target and we tried to keep the cost of the program in tow. The next year LB 323 was introduced by a number of us, but that was merged into LB 270. LB 270 was Senator Chizek's bill along with Senator Korshoj, Senator Hefner and Senator Ashford. And this took the \$500 and made it \$1,000, and also made it apply to sales taxes as well for a refund, and also expanded to farming and ranching. So another difference between LB 270 and 775 is that it does apply to farming and ranching. So we did expand the concept. And,

again, I want to emphasize I keep seeing the Governor talking about LB 270 and how she's tried to do something for the smaller businesses, but LB 270 is nothing more than an expansion of a bill passed before she was ever Governor, and it was a bill introduced by Senator Chizek far before we ever even talked about tax credits or tax incentives or LB 775. And I'd also emphasize, as we have different publications put out about these two acts, that the wrong reference is constantly made to the Employment Expansion Investment Act as LB 270. That act is LB 1124, and ought to be recognized as such. Now we have LB 335, again trying to expand from this time from \$1,000 to \$1,500, and reducing the investment requirement from \$100,000 to \$75,000. Now, on top of this the back chart I've got, talks about if you're implying from what I'm saying is that we're taking an increase in the credits, a tremendous amount, tenfold increase in the years that we've had this, yes, I'm trying to point out how big an increase it is. But compared to what 775 does, this is minuscule. The \$1,500 job tax credit, for instance, compares to a \$10,000 job credit, or excuse me, investment credit under LB 775, quite a difference. For quite some time then we went with ten times as much benefit, under 775, as LB 270 and LB 1124 provided. So, we are in a situation where we've gone through and started down this road and I feel somewhat responsible for it. That's why I've been so concerned. So I'll start it back about seven years ago. I pushed, and I pushed hard to have tax credits for job creation, pushed hard because I thought we needed the jobs. If you remember, in the early eighties we were having a tremendous problem, and we have had a tremendous problem until just recently. I thought one way to help was to provide tax credits, and I was one of those early believers. I still believe tax credits have a role to play. But I also believe you need to target them, have accountability and make sure you know what you're doing with them, something I've become much more familiar with over time.

SPEAKER BARRETT: Senator Wesely, please. (Gavel.) One minute, Senator Wesely.

SENATOR WESELY: Thank you very much, Mr. Speaker. So, because of that deep concern about where this has all ended up, I feel a great responsibility to try and keep hammering away at this issue. I don't have any illusions about the situation, although Senator Johnson and I introduced a similar proposal last year and came, again, two votes short. I've got this record of being about two votes short on a lot of things. But we almost got

passed, last year, an amendment to 775, two times we came two votes short, and many of you helped me with that, and I appreciate that. But Senator Johnson isn't here anymore to tell you about how important it is to provide accountability and disclosure and how, even though he supported and helped get 775 through, it's still a good thing to provide for the kind of disclosure and accountability I'm calling for in this bill. I'm not sure where we're going to end up here. I certainly felt bad about the Government Committee's action. But I think this issue has gotten a lot of statewide attention, and it's an issue that we need to address, and I'm going to continue to pursue it. With my time running out, I hope I'll have another chance to address exactly what the amendment does.

SPEAKER BARRETT: Thank you. Senator Rogers, please.

SENATOR ROGERS: Mr. Speaker, I would like to question the germaneness of this amendment.

SPEAKER BARRETT: Thank you. Senator Wesely, would you care to make a statement...

SENATOR WESELY: Thank you.

SPEAKER BARRETT: ...on why you believe it's germane.

SENATOR WESELY: Thank you, Mr. Speaker. The amendment amends the act, under question, as amended by LB 335. LB 335 amends and expands the credits under the Employment Expansion Investment Act. This also amends that very same act and provides for the disclosure requirement. So we're dealing with the same acts trying to provide additional changes to that act. It also does amend the other 775 act. So it does move into that area. But it does include the act that Senator Rogers is trying to amend.

SPEAKER BARRETT: Thank you. Senator Rogers, would you care to express your concern to the Chair about the amendment.

SENATOR ROGERS: Well, Mr. Speaker, if I read things right here, it's an altogether different section, and a different chapter. But maybe I'm reading something wrong. But....

SPEAKER BARRETT: Thank you. It would appear to the Chair, in terms of making the ruling, that the bill itself, 335, does

amend the Employment Expansion Investment Incentive Act, which Senator Wesely has referred to, and then the amendments, the committee amendments are simply an amplification and, as stated, clarify some of the changes which were made to that act by LB 270 in 1987. The Wesely amendment, 1209, as I read it quickly, authorizes the fiscal office to evaluate and report on the impact of 270 and 775 of two years ago. I think the amendment does grow logically out of the subject matter, and the committee amendments make it more difficult because they do add clarifying language. But I believe, under the strict rules that I have been using up to this time, I would probably come down on the side of it not being germane, one of the reasons is the reason stated, different sections of law, and this is one of the standards that we do use, that the Chair uses. It's a very, very close call. In this case I rule that the amendment is out of order. Senator Wesely.

SENATOR WESELY: You can guess, I'd move to overrule the Chair, if you don't mind, Mr. Speaker.

SPEAKER BARRETT: That is your privilege. Thank you. Do you wish to speak to the challenge, Senator Wesely? You may speak once.

SENATOR WESELY: Thank you. If I was leaning, as you're making your comments, I'd have been all over the place, and I agree, it was a tough call. I'm not at all angry and I can understand your viewpoint, that would be consistent with your ruling. I again make the argument on the floor that we have been too restrictive in what we consider for amendments on the floor. Our job is to do the business of the state in representing the public good, and there are....Certainly if we can have in this bill an increase in the benefits and credits under LB 1124, it sure makes sense to me that we can also increase the accountability and disclosure under LB 1124. They deal with the same act. They deal with trying to provide, I think, an improvement in that act. And I can't see why we can't proceed and discuss the issue. I think it all ties together and I do honestly feel that we have been too restrictive, too afraid to deal with some of the issues involved with all of these matters. And in my estimation, again, I've passed out other materials, but we're too easily, I think, willing to provide whatever we're asked for down here to improve business and economic development. I'm very much for that and worked very hard for it. But we also have to, on occasion, ask for an accounting and

have to be willing to ask for some understanding about what we're hoping to accomplish. We open the check and let people write in the amount, maybe it's time we had some restrictions and some understandings involved. I feel that the original bill that we passed in 1986, and has been further amended, is a much better bill than we now have in LB 775. But in both cases accountability and disclosure make sense. We're talking about, in the case of LB 270, a total tax credit of about \$945,000 for 1987, about a million dollars. In the case of 775 we're estimating that that is almost a \$400 million obligation that we're dealing with, an obligation that has held far into the future. It's not one that's taken immediately, it's one that is built up and utilized over up to 15 years. We're talking about \$400 million, it seems that an accounting and an understanding of that money is in order. Yesterday I had a bill on business networking, and it was an important bill to me, but kind of a small bill in general. Some members of this body didn't want to see that bill advance because of the \$100,000 cost to it. You want to be sure it was money that was well spent. Well, if we can stop legislation dealing with \$100,000, and I think clearly as good as that bill was, I can't see where we can't deal with million dollar and \$400 million pieces of legislation and ask for a similar accounting to make sure our money is well spent, and money that the taxpayers can feel good about having out there in the state. I know we're supposed to deal primarily with the question of germaneness. I'm trying to keep it tied to that, but I would like very much to have the chance to discuss the issue further and hope that we will have a chance to override the ruling of the Chair. Whether you agree or disagree with my amendment, and you can feel whatever way you want on it, I still think we are too restrictive to not allow a bill dealing with a particular act to not be amended with further amendment to that act. I just can't see where that isn't germane.

SPEAKER BARRETT: Thank you. Anyone care to speak to the motion to overrule? Senator Hannibal, your light is on, also Senator Hall's light is on.

SENATOR HANNIBAL: Thank you, Mr. Speaker, members. I rise to support the Chair's decision and would urge that you sustain the Chair's position that this amendment is nongermane. I have applauded the Speaker's strictness, if you will, in ruling on germaneness, and I know we have differing views on this on the floor. Maybe there might be an issue come up some time later and I won't applaud it quite so much, but so far I've been very

appreciative of his ruling. I believe that in order to be consistent, and we're going to talk about the issue of germaneness now, not the amendment, and if we do get talking more about the amendment I will tell you that I am opposed to the amendment and, if we do have an overruling of the Chair, I will rise in opposition to the amendment and try to give you my reasons why I don't think it's a practical amendment. It won't accomplish what the goal is, although I do have no quarrel with the goal. But the issue is here one of germaneness, and germaneness rule is in our book that says that the...a nongermane amendment would be one that deals with different sections of law, different chapters. As Senator Rogers pointed out, this obviously does. We're talking about Chapter 77 with the bill and the amendments, we're talking about a different chapter, I believe it's 509, I don't have it in front of me, with the amendment. Completely different areas of law. The other issue that is under concern, when you're talking about germaneness, is does it substantially alter the intent of the bill? Obviously it does not have anything to do, in my estimation, with the intent of the bill. The bill is a fairly simple, straightforward bill that increases a credit to an already in place act. It makes minor changes, although they might be significant in dollar amounts, makes minor changes in the workings of the act. It strictly raises the amount of credit and lowers the amount of investment. What Senator Wesely's amendment will do, it talks about a whole different issue, talks about a review process, talks about an accounting process, talks about some issues that would be completely away from whether the act is proper. I believe the issue is not a close call. I believe the issue is one clearly that is not germane. And I would hope that the body will sustain the Chair, and I will have a lot more to say about the amendment, if it is ruled germane.

SPEAKER BARRETT: Thank you. Senator Hall, would you care to speak to the challenge? Thank you. Senator Wesely, and Senator Rogers are the only other two lights. Senator Wesely, anything further? I'm sorry, you spoke. Senator Rogers, would you care to speak to the challenge?

SENATOR ROGERS: Well, Mr. Speaker, members, my only other comment, I guess, is we discussed a very similar amendment the other day at length. I think everyone understood what it was at that time. And I think this might be another small reason to rule in the Chair's favor. Thank you.

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LB 335, 566, 780

SPEAKER BARRETT: Senator Wesely, would you care to close on your challenge?

SENATOR WESELY: Thank you. Senator Rogers, we have not discussed this amendment whatsoever. I did make a motion to amend a bill, and pull a bill out of committee, and I have withdrawn those with the intent of trying to...actually I was going to try and amend Senator McFarland's bill when it was on Select File so it wouldn't give you a problem with your piece of legislation. But, unfortunately, his bill didn't proceed and yours did. I'm not...I think it's a legitimate issue and it does cover both the act. It is a different purpose, but why can't we understand that there is a melting of these issues. If we're, on the one hand, trying to expand the credits and increase the credits, isn't it fair to ask that we can't consider, at least consider an amendment to increase the accountability and disclosure of those credits? I think it all ties in together, and I would ask your support to overrule the germaneness ruling of the Chair.

SPEAKER BARRETT: Thank you. The question is, shall the Chair be overruled? Those in favor vote aye, opposed nay. A majority of those present required to overrule. In this case the magic number is 21. Have you all voted? Have you all voted? Record, Mr. Clerk.

CLERK: 8 ayes, 15 nays, Mr. President, on the motion to overrule the Chair.

SPEAKER BARRETT: Motion fails.

CLERK: Mr. President, Senator Wesely would move to suspend the germaneness rule so as to permit consideration of AM1209.

SPEAKER BARRETT: Senator Hall, for what purpose do you rise?

SENATOR HALL: Mr. President, I move that this body adjourn...recess until one-thirty this afternoon.

SPEAKER BARRETT: Anything to read in, Mr. Clerk, before taking action?

CLERK: Mr. President, I do. Senator Hall has amendments to be printed to LB 780; Senator Lindsay to LB 566. New A bill,

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LB 335, 603A

LB 603A, offered by Senator Hartnett. (Read by title for the first time.) That's all that I have, Mr. President. (See pages 1482-85 of the Legislative Journal.)

SPEAKER BARRETT: Thank you. On the motion by Senator Hall to recess until one-thirty, those in favor say aye. Opposed no. Ayes have it, carried, we are adjourned...recessed.

RECESS

SPEAKER BARRETT PRESIDING

CLERK: I have a quorum present, Mr. President.

SPEAKER BARRETT: Thank you. Anything for the record, Mr. Clerk?

CLERK: Not at this time, Mr. President.

SPEAKER BARRETT: Proceeding then to the point at which we left off upon recessing, LB 335. Can you bring us up to speed, Mr. Clerk? Oh, excuse me, we do have a one-thirty agenda item, my apologies, introduction of the deficiency appropriations bill. Mr. Clerk.

CLERK: Mr. President, the first motion is for the introduction of a new bill by the Appropriations Committee, Request number 1215. Motion is on page 1409 of the Journal. I believe you will find the committee statement on your desk.

SPEAKER BARRETT: Senator Warner, please.

SENATOR WARNER: Mr. President and members of the Legislature, this is a rule suspension to permit the introduction of a deficit appropriation bill. On the handout is indicated the six items that are covered. These are all...there will be an additional deficit bill that will include more routine things. These are all areas which it would be helpful if the deficit was considered ahead of the other appropriation bills which will not be heard until the latter part of the month and throughout the month of May. There are six items in here that are included in this for discussion by the Legislature. One is in the Health Department for renal aid which is simply out of money because of

higher demand than was anticipated and I suspect many of you have had calls on that. The next one deals with the Department of Motor Vehicles for the acquisition of some computer software which actually will result in some cost avoidance later on. The next one, Section 7, deals with appropriations for nurses' salaries at the Department of Institutions. Also included in that is Corrections, but some of you perhaps are aware that the state is in the same position of others where they, because of some of the salary levels, they have been losing long-term people to other hospitals and other medical facilities and...

SPEAKER BARRETT: Senator Warner, excuse me, sir. Excuse me. (Gavel.)

SENATOR WARNER: This would also have an annualization cost connected with it, of course. Section 8 will deal with the pharmacy building in Omaha which, as we have all read and are aware of, has had some structural problems that need to be considered. There is a...appropriation is consistent with the construction year at Calamus Fish Hatchery. Originally, the appropriation called for the utilization of some funds that are not materializing and this increases their Cash and federal fund so that construction can commence before...and start now and commence prior to July 1. And then there is an appropriation which would allow the purchase of an option on a transponder for Nebraska ETV, Education Telecommunications Commission and the basis for this is a sat...well, because of substantial increase in land line cost, or at least anticipated, that this permits some negotiations to look into an option on a lease on a transponder and satellite which would then be confirmed or not confirmed by the Legislature in the regular appropriation bill. But this allows initial...initial contact and some...for an option. And then, finally, there is a change in the...no change in dollars but a change in the scholarship assistance program in order to...in the event there is any change in that that the total appropriation as far as the federal match is concerned will not create a higher maintenance of effort than would be required without...without the bill. That's the items that are in the bill. I would move the rule suspension for its introduction to be taken up on General File at the appropriate time.

SPEAKER BARRETT: Thank you. Discussion on the motion by Senator Warner. Senator Schellpeper.

SENATOR SCHELLPEPER: Thank you, Mr. Speaker. I would like to ask Senator Warner a question, please. On Section 8, is there anything that we could do as a body to deal with this building on the campus out there? I have been following it a little bit in the newspapers and it seems like it hasn't been handled very well and I was wondering if there was anything that we, as a body, could do rather than to put this funding into that project.

SENATOR WARNER: Well, there...we have had, obviously, two or three meetings with the medical...Senator Pirsch and others, with the university on this whole issue in which a variety of alternatives have been talked about as far as remodel...renovating the...structurally, the building so it is safe. I have read some of the articles of conflicting professional opinions, to some extent, although I also understand that there is nowhere that you can get a commitment from a professional person who would back their opinion that the building does not need some remodeling with the kind of guarantee, it's just an opinion without a certification for a period of time. And, obviously, based on some of the comments of some of the structural engineers, the building apparently is far less safe than was originally understood. I...there, I mean, obviously, you...one obvious option I...would be to do nothing, let the facility and the college just go away, I guess.

SENATOR SCHELLPEPER: Another question. If something did happen out there, would the Legislature have to fund, if there was any accident? Or would we be liable or would the State of Nebraska be liable?

SENATOR WARNER: I mean, certainly the State of Nebraska is on notice based on professional judgment of engineering firms that the building has a serious structural, either structural or design fault and I suspect since we're on notice that if we would choose to ignore it and someone was subsequently injured, I would anticipate that certainly there would be claims made of...on the part...on behalf of those people if the state did not act promptly when it became apparent, as it has in the last three months, essentially the last month, to be more exact, how potentially structurally weak the building may be.

SENATOR SCHELLPEPER: Thank you. It just seems like this was handled in a very poor manner. I think that the university should be brought to a task for some of this but I think it was

just handled very bad. Thank you.

SPEAKER BARRETT: Senator Rogers.

SENATOR ROGERS: Mr. Speaker and body, Senator Warner, would you...

SPEAKER BARRETT: Senator Warner.

SENATOR ROGERS: Would you explain Section 9 again to me, please.

SENATOR WARNER: As I recall, Senator Carson, the original appropriation anticipated some...anticipated income for the construction that didn't materialize. It seems to me it was in the forms of gifts and so forth. This authorizes the use of the regular Department of Game and Parks for their Cash Fund and their federal funds so the work on the dam can go right ahead this spring and not have to wait until July when the regular appropriation bill would become effective. And this changes the current...doesn't reduce but it changes the funding source of the current level of funding so that there is money on hand to proceed right away now.

SENATOR ROGERS: Because, am I right, part of that comes...we what, increased the fishing license, I believe, a couple of years ago?

SENATOR WARNER: Well, the part that fell short was anticipated donations...

SENATOR ROGERS: Oh.

SENATOR WARNER: ...that never materialized so the other funding source is a portion which would be fishing funds and the other sources that go into that Cash Fund of parks.

SENATOR ROGERS: Okay, thank you.

SPEAKER BARRETT: Senator Schmit, please.

SENATOR SCHMIT: Mr. President and members, I intend to vote for the introduction of the bill. I recognize that we have to do this every year. I do think that the Appropriations Committee no doubt has wrestled with the Section 8 of the bill and they

are following the proper course by calling it to our attention in a very open and above board manner and I think the Legislature then will need to make a decision. It might well be that we might want to consider as one of those decisions an option that was suggested by a Governor not too many years ago that we close the School of Pharmacy and that might deserve some debate on the floor, as Senator Schellpeper has indicated, and I'm sure that others will agree and at least those members of the committee with whom I have visited about it agree that the areas of responsibility were not handled very well and the responsibility of university personnel in particular were not carried out apparently. It seems that when you build someone a new house that they would not let it fall on them and that when it began to deteriorate they would at least be quick enough to call it to the attention of the proper people so that the taxpayers of the state would not become liable for the failings of the architects, the engineers and the contractor or whoever they might have been and in whatever order or to whatever degree. I only know three people who ever attended the College of Pharmacy. One young lady received an excellent education, she informs me, and is still practicing her profession. The second became a horse trainer and is doing very well there. And the third has a job in Washington, so he didn't stick with his profession either. But I think that we ought to take a good look at what we are doing here and maybe rather than just spend money to fix it up, allow it to stand there and fall down as some sort of warning, I guess, to university people that when we spend money, albeit with good intentions, that the responsibility to protect that investment is a very serious one and I would hope that we do not find the same kind of...I don't think we do, very frankly, very often and I don't...I certainly don't want to single out the university because almost, in every instance, the people that I have worked with at the university have shown a high degree of recognition of their responsibility. And one bad exam...one bad situation should not condemn the entire system and I hope it will not. But I do think that the comments that I have received from the public the past few days after this became really public knowledge have all been extremely critical of the fact that the situation was allowed to develop as it was. And so I look forward to the debate on the floor and it may well be that we have no alternative. Certainly as was indicated by one of the senators, we do not want to place any individual person in a position of physical jeopardy because of the failings of someone who, at this time, remains unidentified. I would hope that perhaps we might pursue with

some degree of diligence the responsibility of the various parties in this matter and that we might pinpoint that responsibility even though we may not be able to make them financially responsible for those failures. This happens all too often in public and other activities but certainly we should not just naively and blissfully appropriate the money without calling the responsible people to account.

SPEAKER BARRETT: One minute. The Chair is pleased to announce that Senator Kristensen has some guests in our north balcony, 21 fourth graders representing Axtell Community School in Axtell, Nebraska and their teacher. Would you people please stand and be recognized. Thank you. We're glad to have you with us. Additional discussion on the motion. Senator Hall, followed by Senator Withem.

SENATOR HALL: Thank you, Mr. President, and members, I rise in support of the motion. I concur with many of the statements that Senator Schmit made with regard to item number eight, with regard to the pharmacy building at the University of Nebraska Medical Center. It's interesting that we're going to build it twice, basically, since I think the appropriation is equal to what the original cost the building was. But I would ask Senator Warner a question if he would respond.

SPEAKER BARRETT: Senator Warner.

SENATOR HALL: Senator Warner, on Section 11, where we designate a new budget program, number 298, the scholarship assistance program...

SENATOR WARNER: Uh-huh.

SENATOR HALL: ...for the current appropriation of state student grants and aid, can you explain that to me and explain why that would be in a deficit appropriation bill and just what the intent of that section is in this bill?

SENATOR WARNER: As I indicated earlier, Senator Hall, that particular match program has a maintenance of effort provision over an average of over three years or at least two different bills before us that may affect that distribution and...

SENATOR HALL: I think one of them is mine and one of them is yours. Isn't that correct?

SENATOR WARNER: That is correct. And one of those...well, if either or one pass, there is a reporting requirement that has to be done as to the level of funding that was...as it was approved last year by splitting this program does not change the impact for the current year in any way, shape or form but it would reduce the amount that would be reported in the...on the federal match to avoid a maintenance of effort issue at a higher level in the event the Legislature chooses to change distribution. Obviously, if we make no change, well, then the impact is zero of this section.

SENATOR HALL: Why...but I still don't understand why...and maybe I'm missing your point, but why we have to have a new budget program to facilitate that.

SENATOR WARNER: To separate the maintenance of effort money for matching the Pell Grant which is about five hundred and forty or sixty thousand. Excuse me, it's \$521,000 for the SSIG. We have, I believe, \$1,250,000 in there. Maintenance of effort would be raised up to that full amount. By splitting the two programs we maintain the current...what used to be the 521,000 level as far as the maintenance of effort, should no legislation be enacted, obviously, then it will make no difference.

SENATOR HALL: So there would be no need for this item?

SENATOR WARNER: Not if nothing is enacted. The only reason for doing it as is true with lots of federal programs, as I'm sure everyone recalls, they do have maintenance of efforts kinds of provisions. This one happens to be a three-year average but we always tend to look, with some reluctance, upon a maintenance of effort because it does restrict what future opportunities the Legisla...a Legislature has to make adjustments in programs.

SENATOR HALL: Have we ever had to do this in the past?

SENATOR WARNER: Up until last time, we never...

SENATOR HALL: Had any money there.

SENATOR WARNER: We never appropriated any more than...

SENATOR HALL: Yeah.

SENATOR WARNER: ...than the dollar match...

SENATOR HALL: Uh-huh.

SENATOR WARNER: ...which is a dollar for dollar.

SENATOR HALL: Thank you.

SPEAKER BARRETT: Thank you. Senator Withem, please.

SENATOR WITHEM: Yes, Mr. Speaker and members of the body, I rise, I guess, to, obviously, support of introducing the deficit appropriation bill, we have to do that. I, likewise, have questions about Section 11 and probably considerably slower than Senator Hall because I still don't think I understand. We have two different bills before us on the student assistance program, 468 and 651, plus we have the status quo, the way in which the...the current money is distributed that an Attorney General's Opinion has kind of brought into question whether we're doing that properly and you're saying that you need this section in the bill to facilitate the passage of either of these two statutes. Is that correct? Yes, Senator Warner, would you respond to a question? I'm sorry, I didn't ask that to begin with.

SENATOR WARNER: Yes. It's not to facilitate the passage. In the event...

SENATOR WITHEM: In the event, I'm sorry, yeah.

SENATOR WARNER: In the event of passage of bills which would...would provide a distribution of the scholarship funds differently than what was...they were done last fall, we...all we're avoiding is the maintenance of effort requirement. With this section is the maintenance of effort requirement will be 521,000 which is what it has been for a number of years. The additional 750,000 that was added last year would not be a part of that maintenance of effort level. It's a three-year average but it's just to provide greater flexibility, I guess, to the Legislature choosing what distribution formula they want without being confronted with the overmatch being a maintenance of effort issue in addition to whatever other arguments there would be.

SENATOR WITHEM: Okay. So I'm, admittedly, not as up to speed

on the intricacies of the arguments between whether 468, as introduced, 468 with the committee amendments, 651 with committee amendments, is the proper approach, but my concern is are we doing anything by adding Section 11 to the deficit appropriation bill that makes it more likely that the Legislature will choose one of these alternatives other than another? Or is it just that we need to do this, we need to have this Section 11 if any change takes place in the way we distribute dollars? Or does the Section 11 presuppose a 468 approach as opposed to the 651 approach?

SENATOR WARNER: It does not presuppose either. All it...this section, in itself, has no impact other than it will avoid a maintenance of effort at a 1,250,000 and whether that maintenance of effort would be satisfied at 521,000.

SENATOR WITHEM: Okay.

SENATOR WARNER: So it accommodates, I suppose, the possibility of a change in distribution, whatever that might be, with either bill but it does not affect the passage or give an advantage...

SENATOR WITHEM: Okay.

SENATOR WARNER: ...or disadvantage to either that I am aware of.

SENATOR WITHEM: Okay, if we make a change, we're going to need something like Section 11 and whatever change we choose to make is still a legislative sort of prerogative.

SENATOR WARNER: Yes, but you would not have to have Section 11 in, though you could make a change, but if you did that, then the minimum amount that could be put into the SSIG would be the last three-year average which would be two years at 521,000 and one year...

SENATOR WITHEM: Okay.

SENATOR WARNER: ...of 1,250,000,...

SPEAKER BARRETT: One minute.

SENATOR WARNER: ...whatever that divides up by three.

SENATOR WITHEM: Okay, thank you, Senator Warner.

SPEAKER BARRETT: Senator Warner, yours is the next light. Thank you. Senator Haberman.

SENATOR HABERMAN: Mr. President and members of the body, Mr. President, would Senator Warner yield to a question?

SPEAKER BARRETT: Senator Warner.

SENATOR HABERMAN: Or two or three or four. Senator Warner, would you please lead me one more time through Section 9 as to why we increase the current cash appropriations for the Game and Parks construction of the fish hatchery?

SENATOR WARNER: Yes. It does not increase the total appropriation for that dam. Originally, it was anticipated to...there was to be some donation for a portion of the completion of that dam and...I'm trying to read here, and which did not materialize and this allows the use of Cash Funds and additional federal funds, about a half a million more in federal funds, to continue what the construction that is now going on or will be going on as soon as the weather permits.

SENATOR HABERMAN: As I understood you correctly, you said that the donation money didn't come in and you need more money to finish the project. Is that the...?

SENATOR WARNER: No, not more money, Senator, it's the funding source only that's different.

SENATOR HABERMAN: How much money?

SENATOR WARNER: For the whole facility?

SENATOR HABERMAN: Not counting federal funds.

SENATOR WARNER: Well, the whole...the whole item is 1,375,000 Cash Funds and 4,668,750 federal funds. And the old language had a million from private donations which is stricken, which did not materialize and they're using their regular Cash Fund which would include fishing fees and those fees that are collected to go to that particular fund.

SENATOR HABERMAN: So how much more money in General Funds, if

any, is this asking for?

SENATOR WARNER: No General Fund whatsoever. It's Cash Funds raised from fishing licenses and those things, plus federal funds, no General Funds whatsoever.

SENATOR HABERMAN: And how much Cash Funds did you say?

SENATOR WARNER: It...it adds a million dollars in their Cash Fund authorization which previously was one million of donated funds.

SENATOR HABERMAN: So I guess, see if I understand it, what you're saying is you are giving them authorization to take a million dollars from their Cash Fund...

SENATOR WARNER: That's correct.

SENATOR HABERMAN: ...and spend it for this...

SENATOR WARNER: That's correct.

SENATOR HABERMAN: ...whereby they couldn't do it now?

SENATOR WARNER: They...

SENATOR HABERMAN: They couldn't use that money now for this project.

SENATOR WARNER: There was a limit of 375,000 as the bill was passed last session, yes.

SENATOR HABERMAN: So if they take this cash money and put it into this project, they're not going to be able to use it in other projects. Would that be a reasonable...

SENATOR WARNER: There would be another million that would not be done although there is a modification in the Games and Parks that called for 400,000 and I recall it came in late that it seems to me that it was in the vicinity of Lake McConaughy which is already in the preliminary budget.

SENATOR HABERMAN: Oh, well, then I absolutely support this, Mr. President, I mean, I think that's a wonderful idea. Thank you, Senator Warner.

SPEAKER BARRETT: Senator Korshoj.

SENATOR KORSHOJ: Mr. Speaker and members, I had a question for Senator Schmit but he left the floor so I guess I will have to yield my time.

SPEAKER BARRETT: Thank you. Anyone else care to speak to the motion? Senator Korshoj, would you like to ask the question at this point of Senator Schmit?

SENATOR KORSHOJ: Yes, sir, Mr. Speaker. I have some trouble with that College of Pharmacy building. That's a lot of money. If Senator Schmit will yield to a question, would you share the name of that horse trainer with us that graduated from there?

SENATOR SCHMIT: (Laughter.) Not on the floor, Senator.

SENATOR KORSHOJ: Well, it's going to have a lot to do with my decision if I can support it, but, thank you.

SPEAKER BARRETT: Any other discussion? Senator Warner, any closing comment?

SENATOR WARNER: Just a couple things to make it clear. At Calamus, I kept referring to a dam and it's the fish hatchery and not the dam so I tend to think of the entire concept there. And two other things I might mention also relative to the pharmacy building. One is that the language does encourage the university to pursue some further court action as there may be some possibility of another action that is possible to pursue some claims which goes back to some of the earlier professional advice that came to them from outside of the university. And the other thing I might just comment on, that the way the court case was handled or rather how it was decided, it's my understanding that at least there were two different sections in which could have been used involving real estate and the kind of problem that this building has been confronted with and had another section of law been the one that had been the court guide, why the outcome may have been different. But the one that was used, chose to be used by the courts, the statute of limitations in repose and those problems were such that the use of that statute prevented any recovery. So, certainly, there is a great deal of information when we get to the bill on General File that can be provided for the members in great detail. So,

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with that, Mr. President, I would ask that the bill be introduced.

SPEAKER BARRETT: Thank you. The question is the introduction of the deficiency appropriations bills. Those in favor vote aye, opposed nay. Thirty votes necessary. Record, please.

CLERK: 31 ayes, 0 nays, Mr. President, on the motion to allow for the introduction of the bill.

SPEAKER BARRETT: The motion prevails.

CLERK: Mr. President, new bill. LB 812 introduced by the Appropriations Committee. (Read by title for the first time as found on page 1486 of the Legislative Journal.) Mr. President, Senator Warner would move to suspend Rule 3, Section 4(e) and Rule 6, Section 1, so as to place LB 812 directly on General File.

SPEAKER BARRETT: Senator Warner.

SENATOR WARNER: Mr. President, this is a necessary motion to place the bill just introduced on General File. Obviously, they have all had...all items have had public hearings and as a result of public hearings. So, with that, I would ask that the motion be adopted.

SPEAKER BARRETT: Thank you. Any discussion? If not, the question is, shall LB 812 be placed directly on General File? Those in favor vote aye, opposed nay. Record, please.

CLERK: 34 ayes, 0 nays, Mr. President, to place the bill directly on General File.

SPEAKER BARRETT: The bill goes directly to General File. Now, Mr. Clerk, a return to LB 335.

CLERK: LB 335 was discussed by the body this morning. Senator Wesely had offered an amendment to the bill. Mr. President, Senator Wesely would move to suspend the germaneness rule so as to allow consideration of amendment number 1209.

SPEAKER BARRETT: Thank you. Senator Wesely, on your motion.

SENATOR WESELY: Thank you, Mr. Speaker, and members, I'm going

to address the issue before us and once again we talked late this morning about what I'm trying to do. I have passed out the amendment and a summary of the amendment. It attempts to amend into this bill a review of both the LB 1124 as amended by LB 270 and LB 775 bills. One is called the Employment Expansion and Investment Incentive Act, the other one is the Employment and Investment Growth Act. We're trying to get a handle on the costs and obligations of these two pieces of legislation. This is an idea that's not new. In fact, the original bill that I passed in 1986 did call for a report to the Legislature on the costs and obligations of LB 1124 as passed. And if you look at the March 15th report by the Revenue Department that each of us got, it does list out for us each of the 54 businesses that qualify under that bill, the amount of investment and the amount of jobs created by business. This is an individualized accounting that is not possible under LB 775 and is part of the mandate under the bill that I had passed in 1986. Now under LB 775 passed the next year, we do also have a reporting requirement and you can see that in that report as well that I just referenced. Unfortunately, I find that that report is inadequate. It gives you a sense of what's happening but it doesn't really tell you the sort of information you need to make a value judgment as to what happening with 775 and LB 1124 and I think that we need more information to make the judgments we need to make on what's the best policy and what changes to make in those two acts. Now let me tell you what people are really afraid of happening here and why we're seeing such opposition to this idea by Jobs for Nebraska. The whole concept of LB 775 was sold to this Legislature and afterwards on two bases, number one, the creation of jobs through business expansion and investment, and the other was that this was going to be an investment that would pay for itself within a period of time of something like six years so that it wasn't going to cost very much and they said that at the time 775 passed that no more than 25 companies would qualify. There are over 180 companies now qualifying and the concept of it paying for itself within six years had been thrown out the window long ago. What they're afraid of...what people are afraid of is the truth on LB 775 and the truth is that the bill is much more expensive than anticipated, does not have the payback as promised, does not create the jobs as expected and is not the windfall to our economic future that we had hoped for. And let me run through an executive summary that I have passed out of a recent study that Senator Korshoj and I co-sponsored to look at LB 775. And it's this sort of information that may be documented and

substantiated through the amendment I am offering to you that would further clarify the situation and that is exactly what is feared by the proponents of LB 775. What they fear is the truth. What they fear are the facts and that is what I'm hoping to bring to the people of this state. Now, number one, the study conclusions indicate that there is a \$383 million fiscal obligation to the state which will cost something like \$26 million a year through the year 2002. That's estimated. Twenty-six million dollars a year through the year 2002 and then we start to get the payback and then we start to make some money on it. That's a little long time, a long time to wait for what we were told would pay for itself within six years. It's nowhere close to that. It's more like 17 years. That \$26 million a year is more than the 19 some million dollars a year we now spend on all other economic development programs. This is our economic development program for the state and if it's not working, we had better know about it. It's also a very expensive tax relief program that we also ought to know whether it's accomplishing its goals. The thing that LB 775 was sold on is its influence on creating new jobs and investment and this study again indicates that about 4 percent of the jobs...or 4 percent of the projects coming under LB 775 were clearly influenced by the bill, 4 percent clearly influenced. It also indicates under this study that 29 percent of the projects were in development prior to the passage of the bill. On the one hand, 4 percent were influenced. That's probably ConAgra and I don't know who else. On the other side of the coin, you've got 29 percent of those projects that were already going to happen, already planned, already started in many cases, before we ever had an LB 775. But that bill wasn't there to influence the start up of a lot of the projects that have qualified under this bill but, in fact, merely sent money back to these projects that were already going to happen anyway. Then you follow that up and you look at overall, okay, you have to guess whether things would have happened or not happened anyway. So let's take a guess beyond that and just look at Nebraska's economic work versus other states around us versus the nation versus the region. Let me read you exactly the quote from this study. "From an actual overall state economic performance standpoint, there is no statistical significant evidence to suggest that Nebraska's economy has improved more rapidly than the United States, the plains region or most of the states adjoining Nebraska. In fact, Nebraska's relative economic performance, when compared to these other states, the region in the United States, has generally deteriorated since LB 775's enactment.

And so instead of LB 775 boosting us ahead of other states, boosting us to the lead in economic development in this country, in fact, we have slipped in economic performance on a comparative basis. You can't see, judging either from individual case studies or from the overall impact, that LB 775 has had the positive impact that people are claiming to have. In addition, this study again estimates the payback of this bill to be in the 17 plus year range. In addition, another interesting fact brought out by this study is that 25 companies receive over 50 percent of the benefits of this bill. Remember, 170 companies were studied under this; 180 are now applying, but only 25 account for more than half of the benefits. It would be kind of interesting to know who those companies are, what kind of activity they present to the state and exactly who are the big winners under LB 775. I think that would be helpful to know, who are these individuals and how much are we talking about there? Because then we know what the impact truly is. At this point, we don't know other than from the estimates that we're making under this study. In addition, again, it's been reconfirmed that LB 775 is a pro-urban bill versus a pro-rural bill, that it primarily benefits urban businesses and this study indicates 60 percent of the investment and 70 percent of the proposed job creation by 775 are located in Nebraska's metropolitan areas. It also says only 2 percent of the investment and 1 percent of the proposed job creation is targeted for Nebraska's rural areas and in between you have the smaller towns of the state. It indicates that 40 percent of the jobs created under bill are relatively low compensation, high turnover and higher safety risk. In other words, there are some good jobs under this bill but there are also a large percentage that are not good jobs with good wages. It also indicates that there is a number of basic industry guidelines that we hoped would be accomplished by 775 not being met, in other words, that some businesses that qualify under this bill are not basic industries, they are cable TV companies and truck stops, in some cases, totally not who we had in mind when we started off in passing 775. Well, this is the sort of information that we have been able to glean from newspaper accounts and other information we have pulled together through Senator Korshoj and my office. It isn't the up front, direct information that the Revenue Department has. If this fiscal office and this Legislature had access to that information, we could document exactly the results that I just said. We could prove to the state how problematic LB 775 has been and then find ways to improve it, ways to amend it and make it do the job that it was intended to

do. And I have said before and for the record have indicated that I am not here to ask for the repeal of LB 775, I am asking for support to see it amended and targeted and improved because it clearly calls for that. Now without the information we're talking about, it's going to be a difficult thing to accomplish that goal and that is exactly why I think we need to move forward. The cost benefit concept under this bill would work as follows. The companies involved would have a department...a fiscal office representative work with the Department of Revenue, be under the confidentiality rules of the Revenue Department under state and federal statute. None of the information we're talking about gathering would be made public to harm any company. We would have to have at least 10 companies in any measurement that would be put out so that if we wanted to find out companies that had a payback of 10 or less years, you would have a list that would have to have at least 10 companies listed in it. If we wanted companies that took 30 or more years in payback, again, you would have to have at least 10 companies listed, but you would be able...

SPEAKER BARRETT: One minute.

SENATOR WESELY: ...to start to get an idea of what companies are having a good payback, what companies are not having a good payback. You could also likewise what companies are getting \$5 million or more a year under this bill and which are having less than a million dollars a year or whatever the figures might be, how many are creating this many jobs, how many are creating that many jobs, again, all would be available broken down by companies but at least 10 of them would have to be listed. There would be no confidential information released, no breach of public trust, I think, but a public accounting that is called for and necessary under this bill. I have much more to say and, hopefully, will have the chance to further discuss this. I look forward to the discussion on this issue.

SPEAKER BARRETT: Thank you. Discussion on the motion to suspend the germaneness rule. Senator Hannibal, followed by Senators Rogers and Wesely.

SENATOR HANNIBAL: Respectfully, Mr. Speaker, does Senator Rogers have first shot?

SPEAKER BARRETT: Yours is the next light. Yours is first.

SENATOR HANNIBAL: As the introducer, he doesn't have the first shot?

SPEAKER BARRETT: I'm sorry, Senator Rogers, of course. Thank you, Senator. No, this is not a motion to indefinitely postpone, I'm sorry. You're next, Senator Hannibal, then Senator Rogers.

SENATOR HANNIBAL: Shall I just yield to you, Carson, and then you yield back? No. Okay. Thank you, Mr. Speaker, and members, I do rise to oppose the suspension rule. Senator Wesely has taken, in my estimation, the proper track as opposed to going the germaneness route which was unsuccessful. He has asked to suspend the rule so that this amendment could be attached and it is important to understand that the suspension rule does require 30 votes and the suspension rule by itself does not attach the amendment to the bill. There will be debate on the bill as well if the rules are suspended. But, typically, in these kinds of conversations the arguments for and against the issue at hand are made during the suspension argument. So I am going to take this opportunity to very briefly tell you that I am opposed to what Senator Wesely's amendment says and I am not opposed to what Senator Wesely wants to accomplish. Senator Wesely has told you, not only today but three or four times since we have been in session on this same issue, what he hopes to accomplish. My contention is simple. He will not accomplish what his goal is by this amendment. He is hoping that we could have some accurate information as to whether or not LB 775, and as a matter of fact I believe now 270, would be able to put down accurate information, tell us whether they are, in fact, cost effective. And the way you measure cost effectiveness is how much it's costing the taxpayers in the form of giving up tax revenues versus how many new jobs or how much trickle down or how much multiplier effect in the creation of jobs and the whole thing will go toward stimulating the economy, but basically, jobs and the multiplier of those jobs onto other jobs. And he is suggesting that if we had information as to the applicants and what their tax benefits are that we would be able to make that comparison. And I would submit to you that we would not be able to do that. Now I applaud Senator Wesely's goal, I am just concerned that we would rely upon this and it wouldn't do anything for us. Why wouldn't it do anything for us? Simple. Because there is no way that we can make the decision as to whether these companies' applications would or would not have happened regardless of 775. Just as importantly, and I think

more importantly, there is no measurement for what would have happened in the absence of LB 775. And, as a matter of fact, I think there are many of us in here on the floor when we actually passed LB 775 that voted for it because we were concerned of what would have happened if we didn't pass it. We were calling it a blackmail bill in some cases, ConAgra's blackmail bill, Mike Harper's, and such. And, honestly, I think some people voted for the bill because they were concerned about what would happen if we didn't have it. There is no amount of information that Senator Wesely's amendment could muster that will tell us that. And, as I said, there is no amount of information that Senator Wesely's amendment will give us that will tell us what is happening with those companies that have applied, whether they applied strictly because of 775, whether they would have done the investment, done the job addition, made their changes with or without it. It's going to call for subjective conclusions. This bill will not accomplish what he hopes to and I don't blame him for trying because I think it's a good goal. I am not afraid to look at that. I wish we could have that information. This won't do it. What will it do? It will cause a redundancy between the Revenue Department and legislative fiscal office to create both of those areas to do the same thing that they're doing now. The Revenue Department is putting out their analysis and actually asking for some more information than what they are required to by law.

SPEAKER BARRETT: One minute.

SENATOR HANNIBAL: Legislative fiscal office is putting out their analysis, independent study such as Senator Korshoj and Senator Wesely have been putting out their analysis, so we're having that kind of thing. And this amendment will not do anything more than that. It also creates, in some people's minds, and I am not a lawyer so I don't know, a possible constitutional problem by having a member of government work for the Legislature and for the administration, a part-time revenue employee and part-time legislative fiscal office employee. I think I can see some arguments why that might not be constitutional. I'm not going to make that argument because I don't know. My most important concern is the bill does not do what he hopes it will do and I will not support the suspension and I hope you will not either.

SPEAKER BARRETT: Thank you. Senator Rogers.

SENATOR ROGERS: Mr. Speaker and members, I guess it would be my desire that Senator Wesely would carry his amendment with his own bill rather than trying to put it on something else. He had this amendment as a bill in committee. It was IPP'd in the committee. LB 335 is a good bill and I guess my concern is that if this amendment was tacked on, that it could endanger the bill. We're simply trying with this bill to help small businesses in small communities which we have hundreds of them out in rural Nebraska. Now we're not asking for a great amount of incentive, great amount of money for this, but it's just my desire that he would just go ahead and back off and have his own bill and see where he could go with it. Thank you.

SPEAKER BARRETT: Senator Wesely, followed by Senator Hall.

SENATOR WESELY: Thank you. Mr. Speaker and members, I appreciate Senator Carson Rogers' concern and I apologize, Senator Rogers. I would prefer not to be in this position. Unfortunately, the bill I had wasn't advanced. I was planning to pick it as a priority bill and sometimes things just don't work out the way you would like and I don't want to be in that situation. But still we do have a bill before us dealing with the topic of expanding the credits, trying to deal with that. We're always willing to do that. I think we're also I think having to recognize the requirement on the part of the public to try and ask that some reasonable accountability be brought into these bills. I would like to respond to Senator Hannibal's arguments and I thought he did a nice job of keeping it policy oriented. So I will try and do that as well, Senator Hannibal. But I would like to come back and I hope Senator Lynch is able to follow what I am saying here because if we can't make projections on 775 and LB 270 about what it's going to cost and what the situation is, then I wonder if we need to have any fiscal notes done anymore. We require fiscal notes for different legislation that passes. It's Section 6 of Rule 5 and, frankly, we have to do a lot of guesswork on those. We've got to make projections. We've got to anticipate what will happen and we don't always know what's going to happen. We do the best job we can to think about what a bill is going to cost and then fund it through appropriations or A bills or whatever go along with it. This is no different than that. If we can do that for the fiscal office in handling each bill that comes through, then we can do it for this piece of legislation. If we can't do it for this piece of legislation, then I don't see how we can do it for the fiscal notes coming through and I will plan

to introduce a rule change if I'm unsuccessful with this to try and raise that issue once again because you can do it. You can estimate what a bill will cost. You aren't always right but you can get in the ball park and you can estimate under this amendment an understanding of what these different projects are going to cost us because as they apply for 775 you will know the jobs, anticipated investment, the different levels of payment to the jobs because that's how the credits are estimated. You will have the basic information to work from if you can get access to it, which I can't get access to. Senator Hannibal talked about, well, Senator Wesely and Korshoj, you have done your study, why don't you just keep doing your study? It's because we can't get access to the actual basic facts. We can do the best we can from what's in the newspaper and what the general public has information for. But, I, as a member of the Legislature, and you, as members of the Legislature, cannot get the basic facts about what's happening on these applications so that we can build an exact profile of what's happening with both LB 775 and LB 270. With that information, we can make accurate projections and they don't have to be based on conjecture about what would or wouldn't happen. All you need to do and all that we have done in the studies that we have done is not made those factors about how many jobs would have been there anyway, how many were created as a result of a bill. Those are different studies that have been done in that regard but you don't have to do that, Senator Hannibal. You can simply sit down and with each project analyze the jobs created, the estimated pay...the salary of those jobs, you estimate the investment made. You can take from that the credits earned, the projections, the timetables involved and then you add it up. You add up the positive side on what's gained. You add up the negative side on what's lost. You know the paybacks. You know the estimated revenue loss. It's no different than filling out a fiscal note in trying to anticipate what a bill will cost or program will cost. You take the best information you can, you build the information from that and then you go forward and try to estimate the situation. We can do it and the reason we went to the fiscal office is they do it all the time. They do it on fiscal notes. They do it on projections for us on revenues and we're going to...we use revenue projections from the fiscal office all the time to build our budgets from. And if we can't count some estimates from them on that...on our bill, then I don't know why we can't on what we're trying to do under this amendment. Now cost benefit ratios and analysis of the cost of different projects is done all the time. We do it for the school weatherization program, a

bill I helped pass that looks at different schools and what money should go out to weatherizing...

SPEAKER BARRETT: One minute.

SENATOR WESELY: ...and it makes the cost benefit analysis and takes the highest cost benefit positive side and puts the money in there. The Roads Department, in making analysis on where the money should go on roads, they can't spend money everywhere, they do a cost benefit analysis. The money goes to where it's best spent. The R & D Authority gets 2 million a year. They make an analysis and they put the money where it's best spent. The Community Development Block Grants, likewise, have only so much money and they take applications. They do a benefit analysis and then they go with the best projects. Time and time again when you have limited resources you make a value judgment and put the money where it would be best spent. We don't do that with LB 775. It's an entitlement, an entitlement that anybody who qualifies for it can come in and request and it seems to me it's an entitlement that's far more expensive than anticipated, far too expensive for what we're getting back and we ought to be able to target better what's happening with it. And until we get the information I'm calling for, there's no way we can do that.

SPEAKER BARRETT: Thank you. Senator Wesely, other lights have just been removed, may we consider that your closing or you're entitled to a closing if you care to make another statement.

SENATOR WESELY: Very briefly. What we're discussing here is a chance to consider the amendment. It does require 30 votes and we're asking for the opportunity to discuss the amendment and get into it in more detail. I would ask for your help in doing that. There's no other way to deal with it. I'm sorry for Senator Rogers to deal with his bill and Senator Korshoj's priority bill but, certainly, there's enough interest in the issue to try and give us an opportunity to consider what we can do to open up for the public this information. So I would ask for support for the suspension of the rules.

SPEAKER BARRETT: Thank you. And the question is, shall the rules be suspended? Those in favor vote aye, opposed nay. Have you all voted? Have you all voted? Record. Senator Wesely, I'm sorry. Record vote has been requested. Thank you.

CLERK: (Record vote read. See page 1487 of the Legislative Journal.) 11 ayes, 22 nays, Mr. President.

SPEAKER BARRETT: The motion fails. The next item.

CLERK: Mr. President, Senator Hall would move to amend the bill. (The Hall amendment appears on page 1487 of the Legislative Journal.)

SPEAKER BARRETT: Senator Hall, please.

SENATOR HALL: Thank you, Mr. President, and members, it's a simple amendment. LB 335 was a bill that Senator Rogers and Senator Korshoj and others brought to the Revenue Committee. It deals with the issue of LB 270 or the investment growth provisions for small companies. And the arguments that were presented were arguments that the committee felt were important to the extent that one-half of the bill dealt with and that was the half that said we think that there should be companies that make a smaller investment that receive the benefit. Well, the other half of the bill was a 50 percent increase in the benefit and that's how the bill came out of the Revenue Committee. You need to understand that, that there's a 50 percent increase in the credit that is given. It is increased from 1,000 to \$1,500. We reduced the investment necessary from 175,000. I, clearly, support the reduction of the investment. I think that there should be this incentive available to the folks who don't invest to the extent that the original version of LB 270 would require. But to increase...to do two things, to reduce the investment necessary and then to have a 50 percent increase in the credit that is allowable, I think, is way too much. I did not hear at the hearing where the need was great or there was any good justification for the increase in the credit. The only argument made was the arguments made in comparison to LB 775 provisions that went to the larger companies. So what my amendment does is just...it leaves the investment reduction the way it is as the bill was originally introduced and it offers the original credit of \$1,000. It strikes the 1,500 provision or the 50 percent increase. I believe that this is something that will take very little time but needs to be voted on because it's a specific policy issue. It's a 50 percent increase in the benefit that we are giving to these companies, not to mention the reduction in the investment which I wholeheartedly support. With that, Mr. President, I would urge adoption of the amendment.

SPEAKER BARRETT: Thank you. Senator Rogers, discussion on the Hall amendment, followed by Senators Landis and Korshoj.

SENATOR ROGERS: Mr. Speaker and members, I think you can call it a 50 percent increase, I can't disagree with that but yet it's a mighty small amount to try to get some more companies started out in small towns, rural Nebraska. The Revenue Department admitted to us that they didn't have near the action on this bill that they thought they would. Therefore, I can see no reason that we should change...lower it from 1,500 back to the \$1,000. The benefits, I think, well outweigh that \$500 that Senator Hall is trying to take away from us and I would urge for the defeat of his motion.

SPEAKER BARRETT: Thank you. Senator Landis.

SENATOR LANDIS: Thanks, Mr. Speaker, and members of the Legislature, there's just some days when you've got to do this stuff, you know it's a long shot but it's the better policy of things so you get up on your feet and make a short speech. I'm in favor of the Hall amendment and it's really appropriate policy, it seems to me. The arguments that we heard in the Revenue Committee were basically that the standards were too high for smaller companies in rural Nebraska to meet. They didn't have large enough payrolls and large enough investments to meet a \$100,000 threshold. The committee understood and I think would have unanimously sent out a bill that simply lowered the threshold but this bill does two things. It lowers the threshold, making more companies' investments qualify and it ups the benefit 50 percent. Interesting thing though, although people scratched their heads and moaned and said, gosh, you know, we haven't given enough money away in this method out in rural Nebraska compared to other places, there was absolutely no evidence before the committee in any survey form or anything else as to why that occurred. No one established what size of companies there were, what kind of growth there was, what kind of benefits existed in other states, nothing that way. It was all in an article of faith and the article of faith was this, you know, we expected there would be more companies to take advantage of this and we're surprised that there hasn't been more growth out there and we need to give away some more money. We haven't given away enough. There was no evidence to justify or to prove that increasing the benefit would increase economic growth, not a lick of it. Now, what these tax credits do are kind of a pat on the back for somebody who makes a sensible,

rational, normal business judgment to increase their investment and add employees, something that a business does when the time is right. But this bill gives them a pat on the back and, well, it's always been small enough and, gosh, seems that if we're going to do the 775 thing, let's do something for rural Nebraska so we put out this pat-on-the-back bill. Jerry Chizek had it and he brought it in at \$2,000. I think that was the number, wasn't it, LB 270? Put it down to \$1,000 with his approval on Select File, I think, when the bill was passed. There was some discussion but it was with his agreement ultimately to put it down to that level. What there has been no evidence of is that this bill at this level has motivated somebody to do an investment, to add employees they would not otherwise have added. What it is is a pat on the back. It's an admiralty from the State of Nebraska with a \$1,000 check alongside of it. Fair enough, all right, if you want to do that but if you're going to get the same action anyway, if you have no evidence that this spurs growth, if your jobs are added because in the normal free market enterprise system they're added when you've got something for them to do and you've got the cost of business that will justify it and you've got the budget that will justify it, you add your employees. If that's why you add employees rather than these tax credits and what they are are pats on the back and there is nothing to contradict that, why do you have to give a \$2,000 pat on the back or a \$1,500 pat on the back? It's the threshold as to who gets the pat on the back that you should worry about and that's in the bill untouched.

SPEAKER BARRETT: One minute.

SENATOR LANDIS: Tim Hall hasn't changed or affected that number whatsoever. All we're talking about now is the size of the check the state writes out for people doing what they would profitably do on their own anyway. But we just increase the pat on the back to 1,500 bucks without any evidence whatsoever that this will make any difference other than cost the state more money. Not good enough. Not good enough. If this was ADC, would you do the same thing? Huh? No, wouldn't in a million years. You would have us down here fighting tooth and nail to show cost of living expenditures and budgets for housing and...you bet. Not in this case. No, in this case what we haven't done is we haven't given away enough money. That was the argument we heard. You know, the problem is with this program is we haven't given enough money away in the state...

SPEAKER BARRETT: Time has expired.

SENATOR LANDIS: ...and we've got to...we've got to maximize that by adding a 50 percent increase in the benefit. This really is the unwise portion of the bill. Lower the threshold, make more people available but give them the same size pat on the back.

SPEAKER BARRETT: Senator Korshoj, followed by Senators Ashford, Schmit and Warner.

SENATOR KORSHOJ: Mr. Speaker and members, I'm opposed to this amendment. When I look at what we have done on this bill and we've lowered it from 100,000 to 75,000 you got to realize the people that invest the 75,000, it's a greater chore for them people than it was for Mutual of Omaha to invest 20 million or ConAgra to invest 20 million. This is a way, way tougher job for them. And giving them \$1,500 is really not giving them that much. These companies we're talking about out in rural Nebraska, they're the people that keep those communities going, period, not by the people they hire but by all the local programs they support. I know they're tax deductions as advertising but they support the schools with their summer programs and day after day they have to donate to keep the community going. So we're really not giving them that much. Carson Rogers got a letter from the Chamber of Commerce in Norfolk and he says that he would like to see us work the bill over a little next year and not mess anymore this year and he says he had previously suggested the threshold level be either/or, that is two additional employees or 75,000 investment to qualify for tax credits. Either/or, and we're making them...we're making them do both to qualify. And I thought it was ironic when Senator Landis was talking about people doing what they probably would have done anyway, I was having trouble...if he was talking about 270 or 775, we just heard Don Wesely give that argument that the big percent was going to do it anyway and yet we're going to subsidize them 26 to 30 million every year to the year 2002. So, really, I think we should leave it at the 1,500. I think that if it's a pat on the back, I really think we should give them the pat on the back then if that's what it is because it's no great amount of money. We went through this argument a year ago on what the level should be and I don't remember if we started at 2,500 or 15 or 2,000, we wound up at 1,000. That's really not very much. And these people that invest in these communities, I would say most of

them probably would not have invested without this bill. And when you realize only 54 of them invested out of the thousands of small businesses out there, we have had to plateau very high for them to qualify. So I don't know that we're even giving them a break. I think we're giving them what they've got coming and what they deserve. So I would sure like to see...I think we had what, 40 votes to advance the bill? I would like to see those same 40 vote no and get this amendment knocked in the creek and let's move on with our business. Thank you.

SPEAKER BARRETT: Thank you. Senator Ashford.

SENATOR ASHFORD: Thank you, Mr. President, and members, I think this is a very interesting philosophical debate on the role of government and the role of the private sector and I think it's important that we listen to Frank Korshoj when he talks about this bill and this amendment because Frank Korshoj is a small business man entrepreneur. He is out in the trenches every day trying to sell a product at wholesale and he is subject to the vagaries of the market in a small town in Nebraska. So I think his perspective on LB 270 is a very valid one and an important one to listen to. And I, too, rise to oppose the efforts to roll back the LB 270 amendments and I would continue my support for LB 335 as it was originally introduced by Senator Rogers. I think sometimes in Lincoln as oftentimes is the case in Washington that we get so consumed with government and the largess of government and the size of government that we forget about what funds government. And what funds government are the small businesses, not the large businesses in the state but the small businesses, the small businesses like Frank Korshoj's business and others that form the foundation of our economy, along with the farm economy in Nebraska. So I think that we need to...to look at that sector of the economy and continually try to improve it. It is a...it seems to me extremely valid when the Department of Revenue comes to us and says that LB 270 has been underutilized. I think it was underutilized for a couple of reasons. I think it's been underutilized to be fair because it was not a bill that required an application process. It's a bill that only the effect of which only comes to the fore after a tax return is filed. But, even given that, I think that the \$1,500 figure is a fair and reasonable figure and the \$75,000 figure is a fair and reasonable figure. And I think as you judge these amendments, you need to take a look at what hits you in the right way, what is a balanced number. Senator Chizek, when he introduced LB 270, did introduce it at the

\$2,000 level and it was compromised down to the \$1,000 level. I think the \$1,500 level is where it should be and I support that. I am one, Senator Landis, who does support increases to ADC and I support increases for unemployment and for workmen's compensation. I believe that is a valid area of state government and I will continue to support those things. But I think we have to look at balance and we have to look at the viability of our private sector. LB 775 and LB 270, in my opinion, are two wonderful opportunities for our state. I think that there are going to be problems along the road and we have to continue to look at them. But I think that we have to balance out what we do as a state in our government largess with what we do to encourage private industry to expand. And I will continue to support those programs but I will also continue to try to strike a balance on the private enterprise side of it as well because I think we have to have both...both going. We've got money in Nebraska today for many reasons. One of the reasons, I think, is because our private sector has started to expand again and we can't sit here and say that every expansion project is directly attributable to 775 or certainly to 270, but I think they are factors. And as we try to strike a balance in our state, we need to keep that always in mind because we want to have the money and we want to have businesses expand so that they will...that they will be able to fund unemployment at a reasonable level and workmen's compensation and do the things for the...its employees that are...that we feel are fair and reasonable. So, in striking the balance, I think the \$1,500 level and the \$75,000 threshold...

SPEAKER BARRETT: One minute.

SENATOR ASHFORD: ...are a good balance and I support them. Thank you.

SPEAKER BARRETT: Senator Schmit, followed by Senators Warner, Wesely, and Haberman.

SENATOR SCHMIT: Mr. President and members, it's always difficult when you have been on both sides of an issue to justify why one issue is sufficient and the other one isn't. I supported 270 out of self-defense, I suppose, and opposed 775. But it would seem to me that a new job ought to be a new job whether it is in one sector of the country or another. And it's kind of interesting that according to some studies that were performed that a new job under 270 cost about 10 percent or less

than what a new job cost under 775. It would seem also that the tax credits that are provided...it's kind of interesting, Senator Landis has a new theory, he calls it a pat-on-the-back theory for doing what you would have done anyway, apparently. I don't know where the pat on the back has to grow, to what size, and that it justifies...or qualifies as a bribe for doing something. But, apparently, there is a difference between the philosophy behind 270 and 775. I did not think that was the original arguments behind the bill. I do not know nor am I in a position to find out, I suppose, nor is anyone in a position to find out exactly how many new jobs were created under 270 because of the different manner in which they are compensated. But I do want to say that the impact of 270 will be minuscule even with the proposed \$1,500 factor when contrasted with the impact, adverse financial impact on the revenue of the state under 775. It would seem to me and it appears that we have accepted the philosophy that the jobs created, the revenue created under 775 will more than offset the revenue loss. Then it would seem to me that we ought to be able to justify a minor adjustment...it isn't really a minor adjustment, but at least an adjustment which recognizes that those who do not have a lot of money to invest nonetheless may contribute substantially to the job market overall. I would like to make one more point and I think that we ought to address seriously the very substantial weakness in both...in 775 at some point where those individuals who invest substantial amounts of money in agriculture ought to be able to qualify for the same tax benefits as those nonagricultural pursuits. I think that's a glaring variation of that bill. It ought to have been taken care of and, in all honesty, probably never will be but we ought not to forget it. And so, therefore, whether it's a pat on the back for a job well done, an encouragement for something that you ought to do or acknowledging something which we were going to do anyway, I think that the \$1,500 figure is not out of line. It is certainly a bargain when contrasted with the cost of a new job under 775. If the jobs are worth it under 775, then Senator Carson Rogers and the rest of his introducers ought to be congratulated, along with Senator Chizek who originally brought the bill, for the, I guess, bargain price jobs you get under 270.

SPEAKER BARRETT: Senator Warner.

SENATOR WARNER: Well, Mr. President and members of the Legislature, I rise just to vent my frustration, I guess. I

will support Senator Hall's amendment. I'm not so concerned about the pat on the back as I am the tap of the pocket of those who are left to pay whatever amount of revenue that we use as enhancement for...or loss of revenue for enhancement to attract business. I'm not too sure but what we spend, I don't know, I had a note here, half our time we raise taxes and the other half our time we spend here trying to figure what we're going to exempt. I may not have the percentages right but I have that distinct feeling that that's the route we go and as I am looking at the handout from Senator Wesely that started out only in 1983 \$150 per 100,000 investment and now we're going to only talk about 1,500 per 75,000, I'm not sure what that percentage change but it's substantial and it's indicative of what will always occur with these incentive programs. You know they're going to grow. You're going to lower the threshold to qualify. We're going to increase over time the credit and the net result is only one thing and that, of course, is fewer pockets to pull the funds out of for the support of government. While I say that, I want to make it very plain, well, I did not support either 270 or 775 and I can hardly think of any of those that I have of incentive type programs that I have supported, I would be the first to grant and acknowledge that there is no question in my mind that there has been a significant change in attitudes on the part of a lot of people in Nebraska because of the passage of those acts. That doesn't, however, offset my philosophical opposition to attempting to do on the revenue side a targeting which is just virtually, as a practical matter, virtually impossible to do. And if you want to make target of the system to attract certain types of expansion, it's much more feasible to do within at least to the extent the Constitution will permit to do on the appropriation side because then you can really tell where it's going and what that impact is and you've got a measurement that is just virtually impossible on the revenue side. In fact, I probably would go so far as to say that probably the strength of LB 270 was the fact that it was used so little, didn't have much impact on adversely affecting revenue and, from my viewpoint, that's an advantage rather than a disadvantage as far as overall tax structure. But it seems to me we're going to be dealing with this session and I'm sure in future sessions the same old story of no place to stop. Each...each incentive begets another incentive and each effort to level the playing field will only be leveled in one way and that will be to expand, not to reduce incentives. And I think that the long term public policy will be adverse although I would freely acknowledge that there has been some immediate

impact that is beneficial but I still feel that this type of course will result in a narrow tax base of higher rates and overall public policy that will not be advantageous in the long run.

SPEAKER BARRETT: Thank you. Senator Wesely.

SENATOR WESELY: Thank you. Mr. Speaker and members, I don't know if Senator Chizek is around or not but if you recall last year, I did an impersonation of Senator Chizek as I pounded away reading one of his speeches. And you probably didn't realize it but I certainly felt like I was doing another impersonation on the last amendment I had. I was impersonating Jim McFarland. I have a feeling and understanding of what it's like to stand up here and not...not face much prospect of success and feel like a firing squad is aimed at you. In fact, I think instead of impersonating Jim McFarland I was impersonating a salmon swimming upstream and trying to be successful in that regard. And, frankly, on this amendment I feel like a tightrope walker because what I am thinking in terms of this issue is a little different than Senator Warner but similar in some respects because, in my estimation, there are...there is a role and a place for tax incentives for economic development but it's a limited and targeted role and one in which we have to carefully monitor constantly what's happening with it, which is back to my amendment, which was unsuccessful. I am not saying that all tax incentives are bad and I'm also saying not all tax incentives are good. Senator Landis was right in talking about the pat-on-the-back theory. The original concept of this bill, when passed in 1986, 1124, it wasn't a big incentive but it was an attempt to recognize businesses here that were expanding and adding jobs and we wanted to express the State of Nebraska's regard for that and support for that. Of course, we took that concept and not only tripled or quadrupled but we made it 10 times as great an incentive as ever envisioned and now we're taking the original concept of the bill that was first introduced in 1983 and again having a ten-fold increase. I don't think there is any doubt that most of these jobs and investment would have occurred without the tax incentives involved. I think that's the case. There is also some...something to be said for a reward on the part of the state, I guess, to recognize those businesses that have taken that step. The only problem is, how great a reward. When you have it as great as 775 the costs are astronomical and the commitment far into the future is one greater than we probably

would want to bear in terms of the cost benefit of the projects involved. And so it is a tightrope I walk and it's a difficult one to do but I try constantly to make the argument, you know, what is a good and what is not a good tax incentive and what is a fair and not a fair incentive to provide. And one of the things I find interesting is that on this bill there is a fiscal note, as I talked before about fiscal notes. Trying to make estimates on costs of bills and projects under the amendment I had, we're somehow able under 335 to have an estimate of the fiscal impact on this legislation. I'm not sure why we can do it for a fiscal note for this bill and we can't individually try and deal with this matter into the future in making some estimates on the cost of these proposals. I think ultimately a final couple of points. The key problem with the economic development strategy of the state so far is that we're too tied into the concept of tax incentives and tax incentives are the solution. There are good and there are bad tax incentives and it seems to me that we need to understand a more balanced economic development program as what's called for. We need a much broader based economic development program that we now have in place. We are putting too many eggs in one basket and those eggs are costing us too much money. That is my estimate of the situation. And, in addition, LB 775, with such large incentives, primarily aimed toward urban areas, makes it difficult for me not to support Senator Korshoj and his bill. If we're concerned about equity and fairness across the state in trying to recognize the small businessman as well as the bigger successful businesses, I think in that regard I would support the increase in the benefits under this bill. But, truthfully, the other thing that we ought to be doing is reducing the benefits and targeting the benefits under LB 775. That would bring a greater equity still than what Senator Korshoj and Senator Rogers are trying to do. Again, it seems to me that, yes, the attitude has improved around the state, as Senator Warner talked about, but in large part because around the state, around the states around us and across the country...

SPEAKER BARRETT: One minute.

SENATOR WESELY: ...good times have come and improvements have been there whether there's a tax bill like 775 or not. Attitudes are improved because the economy has improved but it's not because 775 has necessarily improved the economy, it's just good times have come and we feel better about things and that's wonderful. But we also have to change that attitude, improved

as it is, to understand we have much greater challenges ahead and the future holds the need for additional changes in economic development policy.

SPEAKER BARRETT: Additional discussion on the Hall amendment. Senator Haberman, followed by Senators Landis, Korshoj, Schellpeper, Chizek and Dierks. Senator Haberman.

SENATOR HABERMAN: Mr. President and members of the body, this discussion about the possible lost revenue is very interesting as if I remember correctly, this body voted to give the telephone company the \$40 million tax relief bill here just a few weeks ago. And I believe that some of the senators who have been up here talking for this amendment supported that \$40 million tax gift, so to speak. Pardon? Oh, I'm sorry, it was only 14 million. That doesn't change the color of it at all. It's only 14...it's only a \$27 million mistake. However, if you look at the sheet, there was no opposition to this bill, none whatsoever. Now if it was so bad, surely we would have had somebody in there opposing it. In fact, it was supported by the Lincoln Chamber of Commerce, Senator Landis, and we have raised and given money to ADC, oh, I would say a half a dozen times in my 11 years down here. So I think that they have fared very well from this body. You know, it's more than just a pat on the back, it means a lot to the small communities. It isn't going to hurt anybody. I can't see why all the fuss is over this bill. I think Senator Hall's amendment, although his heart might be in the right place, his mind is in the wrong place and I think that we should vote to defeat Senator Hall's amendment. Thank you, Mr. President.

SPEAKER BARRETT: Senator Landis.

SENATOR LANDIS: Question.

SPEAKER BARRETT: The question has been called. Do I see five hands? I do. Shall debate now cease? Those in favor vote aye, opposed nay. Please record.

CLERK: 25 ayes, 1 nay to cease debate, Mr. President.

SPEAKER BARRETT: Debate ceases. Senator Hall, to close.

SENATOR HALL: Mr. President and members, I appreciate the debate on the issue because this is a substantive change, I

mean, it is not something to take lightly. We are allowing for a 50 percent increase in the credit for small businesses and I appreciate the first half of the proposal that Senator Rogers and Korshoj brought to the committee because I think, one, we have to clarify provisions with regard to what the investment total was; and, secondly, a reduction in that investment requirement was appropriate for small businesses. They needed to be able to use that if we're going to have it in place at all. But to increase by 50 percent the credit that is available to the income tax for those owners is a policy decision that I think needs to be voted on separately and I offer that amendment for that purpose. I think that the issue is one that's been debated clearly. The weaknesses and the strengths have been pointed out. I won't belabor the issue but I did want to bring this to the body's attention because it is a substantive policy change in LB 270 that was passed two years ago. I would urge the adoption of the amendment, Mr. President.

SPEAKER BARRETT: Thank you. You have heard the closing and the question is the adoption of the Hall amendment to LB 335. Those in favor vote aye, opposed nay. Record, Mr. Clerk. A record vote has been requested.

CLERK: (Record vote read. See page 1487 of the Legislative Journal.) 4 ayes, 26 nays, Mr. President, on adoption of the amendment.

SPEAKER BARRETT: Motion fails.

CLERK: I have nothing further on the bill, Mr. President.

SPEAKER BARRETT: Senator Lindsay. Senator Hall, please, would you care to.

SENATOR HALL: I move that LB 335 be advanced to E & R for Engrossing.

SPEAKER BARRETT: Thank you. Any discussion? If not, those in favor of the movement of 335 please say aye. Opposed no. The ayes have it. The bill is advanced. LB 335A, Mr. Clerk.

CLERK: LB 335A, Mr. President, I have no amendments to the bill.

SPEAKER BARRETT: Senator Hall.

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LB 54A, 247, 335, 335A, 395, 705, 722
LR 2

CLERK: Nothing further, Senator.

PRESIDENT: Senator Lindsay, please.

SENATOR LINDSAY: Mr. President, I would move that LB 722, as amended, be advanced to E & R Final.

PRESIDENT: You've heard the motion. All in favor say aye. Opposed nay. It is advanced. Now, to go back. Would you like to put something into the record, Mr. Clerk?

CLERK: Mr. President, very quickly. Your Committee on Enrollment and Review reports LR 2CA as correctly engrossed; LB 54A, correctly engrossed; LB 335, LB 335A, LB 395, LB 705 all correctly engrossed, all signed by Senator Lindsay. That's all that I have, Mr. President. (See page 1576 of the Journal.)

PRESIDENT: All right, we'll go back to LB 247. And do you have something new for us, Mr. Clerk?

CLERK: Mr. President, back to 247. The next item I have is an amendment by Senators Warner, Langford and Kristensen. Mr. President, you'll find the amendment in your bills books, its AM1114. (See page 1540 of the Legislative Journal.)

PRESIDENT: Senator Warner, are you going to handle that to start with?

SENATOR WARNER: Initially.

PRESIDENT: All right.

SENATOR WARNER: Mr. President, members of the Legislature, this amendment deals with the issue of Kearney State, whether or not it should be a portion of the University of Nebraska system, namely the University of Nebraska at Kearney, which in essence I guess is the issue we've been discussing, in a sense, much of the morning. The amendment, as offered, is identical to LB 160, with three exceptions. At the time the bill was introduced, there was not a provision contained in the original draft that addressed the issue of any bonded indebtedness that Kearney State did have, does have, and how that would be handled. And it was not in there for the reason that it just simply had not been put together by bond attorneys. That has now been addressed and is in the amendment that is proposed. Secondly,

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LB 183, 183A, 335, 335A, 340

SPEAKER BARRETT: LB 183 passes. LB 183A.

CLERK: (Read LB 183A on Final Reading.)

SPEAKER BARRETT: Have you all voted? Record.

CLERK: (Record vote read as found on page 2609 of the Legislative Journal.) 39 ayes, 6 nays, 2 present not voting, 2 excused not voting.

SPEAKER BARRETT: LB 183A passes. The Chair again reminds members that they are to remain in their seats during Final Reading and until the vote has been announced certainly. Would ask the Sergeant-at-Arms to cooperate. Next bill, Mr. Clerk.

CLERK: (Read LB 335 on Final Reading.)

SPEAKER BARRETT: All provisions of law relative to procedure having been complied with, the question is, shall LB 335 pass? Those in favor vote aye, opposed nay. Have you all voted? Record.

CLERK: (Record vote read as found on page 2610 of the Legislative Journal.) 44 ayes, 3 nays, 2 excused and not voting, Mr. President.

SPEAKER BARRETT: LB 335 passes. LB 335A.

CLERK: (Read LB 335A on Final Reading.)

SPEAKER BARRETT: All provisions of law relative to procedure having been complied with, the question is, shall LB 335A become law? Those in favor vote aye, opposed nay. Record, please.

CLERK: (Record vote read as found on pages 2610-11 of the Legislative Journal.) 44 ayes, 3 nays, 2 excused and not voting, Mr. President.

SPEAKER BARRETT: LB 335A passes. LB 340. Again, members are reminded to be in their seats.

ASSISTANT CLERK: (Read LB 340 on Final Reading.)

SPEAKER BARRETT: Now, Richard? All provisions of law relative to procedure having been complied with, the question is, shall

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LB 132, 183, 183A, 335, 335A, 340, 340A

LB 340 pass? Those in favor vote aye, opposed nay. Have you all voted? Please record.

CLERK: (Record vote read as found on pages 2611-12 of the Legislative Journal.) Vote is 30 ayes, 16 nays, 1 present not voting, 2 excused not voting, Mr. President.

SPEAKER BARRETT: LB 340 passes. LB 340A.

CLERK: (Read LB 340A on Final Reading.)

SPEAKER BARRETT: All provisions of law relative to procedure having been complied with, the question is, shall LB 340A with the emergency clause attached become law? All in favor vote aye, opposed nay. Have you all voted? Please record.

CLERK: (Record vote read as found on pages 2612-13 of the Legislative Journal.) Vote is 36 ayes, 11 nays, 2 excused and not voting, Mr. President.

SPEAKER BARRETT: LB 340AE passes. And while the Legislature's in session and capable of transacting business, I propose to sign and I do sign LB 132, LB 183, LB 183A, LB 335, LB 335A, LB 340, and LB 340A.

Senator Lynch, for what purpose do you rise?

SENATOR LYNCH: Mr. Chairman and members, I move we adjourn until nine o'clock on the morning of May 22nd.

SPEAKER BARRETT: A motion to adjourn. Senator Pirsch, I would recognize you for a very quick announcement, please.

SENATOR PIRSCH: Thank you, Mr. Speaker. Before we adjourn, if we adjourn, I would like to suggest a round of applause and bravos for the good work that Pat and Dick and Vicki have done this evening, as well as all the other evenings. They have a monumental task that has to be even more frustrating and worrisome than the job that we do. Thank you.

SPEAKER BARRETT: Thank you, Senator Pirsch.

SENATOR PIRSCH: (Microphone not activated immediately)..on that, Mr. Speaker? I think that a thanks is owed to our Sergeant-of-Arms, who have to track everybody down and keep us

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LR 219

SPEAKER BARRETT PRESIDING

SPEAKER BARRETT: Welcome to the last Monday morning in this the First Session of the Ninety-First Legislature. The opening prayer this morning by Rabbi Ethan Seidel of Tiffereth Israel Synagogue here in Lincoln. Rabbi Siedel. (Gavel.)

RABBI SEIDEL: (Prayer offered.)

SPEAKER BARRETT: Thank you, Rabbi Seidel. We hope you can come back with us again. Roll call. (Gavel.)

CLERK: I have a quorum present, Mr. President.

SPEAKER BARRETT: Thank you. Any corrections to the Journal?

CLERK: No corrections, Mr. President.

SPEAKER BARRETT: Any messages or reports or announcements?

CLERK: Mr. President, your Enrolling Clerk did present to the Governor Friday evening as of 10:30 p.m. bills read on...during the evening hour. (Re. LB 132, LB 183, LB 183A, LB 335, LB 335A, LB 340, LB 340A.)

Mr. President, report from the Board of Public Roads Classifications Standards. That will be on file in my office. That's all that I have, Mr. President.

SPEAKER BARRETT: Thank you. To item 5, Mr. Clerk, legislative resolution.

CLERK: Mr. President, Senator Abboud offers LR 219 that's found on page 2523. (Read brief description of LR 219.)

SPEAKER BARRETT: (Gavel.) Senator Abboud, please.

SENATOR ABOUD: Yes, Mr. President, Father Bill Foster has the parish priest of St. Gerald's since the parish's inception in 1957. He has seen the parish grow under his leadership. They have a fine school there as well as a fine parish in Ralston and in 1975 they extended it into southwest Omaha so they have two...two churches now. But he has done fantastic job. He has been a real inspiration to the community and I would like the Legislature to honor him here today.

May 24, 1989 LB 95, 132, 134, 158, 158A, 175, 175A, 182, 182A
183, 183A, 198, 228A, 228, 261, 261A, 280, 283
285, 285A, 302, 303, 303A, 305, 309, 309A, 310
312, 312A, 335, 335A, 340, 340A, 469, 525, 566
588, 651, 651A, 695, 706, 727, 781, 816, 816A

PRESIDENT NICHOL PRESIDING

PRESIDENT: Welcome to the George W. Norris Legislative Chamber. We have with us on our closing day as our Chaplain, Reverend Harland Johnson. Would you please rise for the invocation.

REVEREND HARLAND JOHNSON: (Prayer offered.)

CLERK: I have a quorum present, Mr. President.

PRESIDENT: Do we have any corrections this morning?

CLERK: Mr. President, one small correction. (Read correction found on page 2719 of the Legislative Journal.)

PRESIDENT: Okay, do you have any messages, reports, or announcements today?

CLERK: Mr. President, I do. I have a series of communications from the Governor. First of all, Mr. President, the last few bills read on Final Reading yesterday afternoon have been presented to the Governor as of 2:48 p.m., yesterday. (Re: LB 525, LB 566, LB 588, LB 651, LB 651A, LB 695, LB 706, LB 781. See page 2720 of the Legislative Journal.)

Mr. President, a series of communications from the Governor. (Read. Re: LB 228A.) A second communication to the Clerk. (Read. Re: LB 134, LB 158, LB 158A, LB 175, LB 175A, LB 182, LB 182A, LB 198.) A third communication. (Read. Re: LB 95, LB 261, LB 261A, LB 280, LB 283, LB 303, LB 303A, LB 312, LB 312A.) A fourth communication, Mr. President, to Mr. President, and Senators. (Read. Re: LB 183, LB 183A.) A fourth, Mr. President, to the Clerk. (Read. Re: LB 132, LB 285, LB 285A, LB 302, LB 305, LB 309, LB 309A, LB 310, LB 335, LB 335A, LB 340, LB 340A, LB 469, LB 727, LB 816, LB 816A.) The last letter I have received, Mr. President, with respect to signing of bills. (Read. Re: LB 228. See pages 2720-22 of the Legislative Journal.)