

January 11, 1989

LB 341-372

LR 3, 5

able to assist other agencies, other investigating committees, other individuals who are involved. I have pledged my cooperation to some of them with whom I have visited. I know that Senator Chambers feels the same way. I know that other members of the committee feel the same way. I hope that we are all pursuing the same goals, same objectives and that we can work together. I want to say again that this committee will act with propriety, honesty and integrity. We intend to obtain the best counsel we possibly can and we intend to protect the rights of the innocent and to pursue those who might have been less than innocent. Mr. President and members, I ask for a positive vote on the resolution.

PRESIDENT: That was the closing. The question is the adoption of the resolution. All those in favor vote aye, opposed nay. Have you all voted? Record, Mr. Clerk, please. Record, Mr. Clerk, please.

CLERK: 32 ayes, 0 nays, Mr. President, on adoption of LR 5.

PRESIDENT: The resolution is adopted. You have some new bills, Mr. Clerk.

CLERK: Mr. President, I do. New bills. Mr. President, Senator Labedz would like to have a meeting of the Reference Committee now in the Senate Lounge. Referencing Committee in the Senate Lounge, Mr. President, right now. Senate Lounge for Referencing Committee. New bills. (Read by title for the first time LBs 341-355 as found on pages 183-87 of the Legislative Journal.)

PRESIDENT: We will be at ease for a few minutes for referencing and receiving a few more bills.

EASE

PRESIDENT: (Microphone not activated) and capable of transacting business. I propose to sign and do sign LR 3. Would you like to continue, Mr. Clerk, please.

CLERK: Yes, Mr. President, thank you. New bills. (Read by title for the first time LBs 356-372 as found on pages 187-91 of the Legislative Journal.)

Mr. President, I have a new resolution offered by Senator Hall.

January 17, 1989

LB 303A, 309A, 356, 438, 473-495
LR 7

CLERK: 30 ayes, 0 nays, Mr. President, on the motion to suspend that particular rule and refer 303A and 309A to Appropriations Committee.

PRESIDENT: The motion is carried, the rules are suspended, and the bills are referred to the Appropriations Committee. What would you like to do now, Mr. Clerk?

CLERK: Mr. President, Reference Committee will meet in Room 2102 now for referring of bills; Reference Committee in Room 2102 now for referring of bills.

PRESIDENT: The Reference Committee or the Executive Board will adjourn, leave us for a while. We'll stand at ease for a little while until they come back. So, relax.

EASE

CLERK: Mr. President, new bills. (Read LB 473-492 by title for the first time. See pages 245-50 of the Legislative Journal.)

Mr. President, I have a new resolution, LR 7, by Senator Hall. (Read. See pages 250-52 of the Journal.)

Mr. President, Senator Morrissey would like to add his name to LBs 356 and 438. Finally, Mr. President, I have a Reference Report referring LBs 410 through 462. That is all that I have, Mr. President.

PRESIDENT: If I could direct your attention, please, over under the north balcony we have a special guest. Senator Stephanie Johannis, it looks like you. Would you step out so we can see you. Please welcome former Senator Johannis back to the Legislature. Do you have any words of wisdom for us now that you are out? Senator Lynch, you haven't done much today. Would you like to...just a moment. Don't go to work yet. Just a minute. Mr. Clerk.

CLERK: Mr. President, a couple of bills coming in. In addition, I have hearing notices for the Education Committee and one from the Judiciary Committee signed by Senators Withem and Chizek as Chairs.

Mr. President, new bill. (Read LB 493-495 by title for the first time. See pages 254-55 of the Legislative Journal.)

February 24, 1989 LB 356, 357, 450, 676, 698, 781, 809

Supreme Court. Thank you.

PRESIDENT: Senator Abboud, please, followed by Senator Smith. Senator Smith, please.

SENATOR SMITH: Are there any other lights on, Mr. President?

PRESIDENT: No, you're the last one.

SENATOR SMITH: Okay, then I won't speak at all on anything further about the bill unless someone has a question and evidently they don't. I would just ask for their support in advancing the bill.

PRESIDENT: The question is the advancement of the bill. All those in favor vote aye, opposed nay. Record, Mr. Clerk, please.

CLERK: 30 ayes, 0 nays, Mr. President, on the motion to advance LB 781.

PRESIDENT: LB 781 passes. Mr. Clerk, something for the record?

CLERK: Mr. President, yes, thank you. Banking Committee reports LB 356 to General File with amendments. Transportation Committee reports LB 450 to General File with amendments. Those reports are signed by Senator Landis and Senator Lamb respectively. (See pages 870-71 of the Legislative Journal.)

Senator Schmit moves to withdraw LB 676. That will be laid over, Mr. President.

Report of lobbyists for this past week.

Mr. President, Senator Goodrich has amendments to be printed to LB 698. (See pages 872-73 of the Legislative Journal.)

And, Mr. President, I have a reference report referring LB 809 to the Revenue Committee. And that's all that I have, Mr. President.

PRESIDENT: We will move on to General File, LB 357.

CLERK: Mr. President, 357 is the bill that was introduced by

March 13, 1989

LB 46, 54, 145, 182, 211, 237, 247
259, 288, 315, 316, 356, 379, 388
411, 418, 437, 447, 449, 449A, 506
587, 630, 651, 652, 809

SPEAKER BARRETT PRESIDING

SPEAKER BARRETT: (Microphone not activated) ...to a new week in this the life of the First Session of the Ninety-first Legislature. Our Chaplain this morning for the opening prayer, Pastor Jerry Carr of First Four-Square Church here in Lincoln. Pastor Carr, please.

PASTOR CARR: (Prayer offered.)

SPEAKER BARRETT: (Gavel.) Thank you, Pastor Carr. We hope you can come back again. Roll call.

CLERK: Quorum present, Mr. President.

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

CLERK: I have no corrections, Mr. President.

SPEAKER BARRETT: Messages, announcements, reports?

CLERK: Mr. President, your Committee on Enrollment and Review respectfully reports they have carefully examined and reviewed LB 587 and recommend that same be placed on Select File; LB 379, LB 46, LB 388 and LB 145, LB 237, LB 418, LB 506, LB 449, LB 449A and LB 54, all placed on Select File, some of which have E & R amendments attached. (See pages 1059-66 of the Legislative Journal.)

Mr. President, Business and Labor Committee reports LB 630 to General File; LB 315 to General File with amendments; LB 288, indefinitely postponed; LB 316, indefinitely postponed, LB 411, indefinitely postponed, and LB 652, indefinitely postponed, those signed by Senator Coordsen as Chair of the Business and Labor Committee. (See pages 1067-69 of the Legislative Journal.)

Mr. President, a series of priority bill designations. Senator Withem, as Chair of Education, has selected LB 259 and LB 651. Mr. President, Senator Nelson has selected LB 447; Senator Langford, LB 211; Senator Coordsen, LB 182; Senator McFarland, LB 437; Senator Byars, LB 809; Senator Withem, LB 247; and Senator Crosby selected LB 356, Mr. President.

I have an Attorney General's Opinion addressed to Senator Hefner

April 10, 1989

LB 356
LR 69

SPEAKER BARRETT PRESIDING

SPEAKER BARRETT: Good morning, ladies and gentlemen. Welcome to the George W. Norris Legislative Chamber and this the sixty-second working day in the life of the First Session of the Ninety-First Legislature. Chaplain of the day, the opening prayer, Mr. Harland Johnson. (Gavel.)

HARLAND JOHNSON: (Prayer offered.)

SPEAKER BARRETT: Thank you, Harland, very much. Roll call.

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

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

CLERK: I have no corrections this morning, Mr. President.

SPEAKER BARRETT: Any reports, announcements or messages?

CLERK: Mr. President, I have no reports, messages or announcements at this time.

SPEAKER BARRETT: Thank you. While the Legislature is in session and capable of transacting business, I propose to sign and I do sign LR 69. (See page 1596 of the Legislative Journal.) Moving to General File, Mr. Clerk, 1989 Senator priority bills, LB 356. (Gavel.)

CLERK: Mr. President, LB 356 was introduced by Senator Landis and a number of members. (Title read.) The bill was introduced on January 11 of this year, referred to the Banking, Commerce and Insurance Committee for public hearing. The bill was advanced to General File. I do have committee amendments pending by the Banking, Commerce and Insurance Committee, Mr. President.

SPEAKER BARRETT: The Chair of the Banking Committee, Senator Landis.

SENATOR LANDIS: Mr. Speaker, members of the Legislature, the committee amendment strikes references in this bill that apply to Commonwealth and it is only because duty constrains me that I stand here to make this motion. My light is on, Mr. Speaker,

not for the purpose of being recognized in the normal course of events as a chairman making a motion, but as a member of the body who chooses to speak on the issue once it is introduced, and I hope that my light is reflected on your panel accordingly. This is the mere statement of my obligation as a committee chairman to report the committee's actions on a motion. The committee adopted the amendment and advanced the bill, leaving American Savings and State Securities in the bill, striking Commonwealth, and I inform the body of the committee's actions and give it the opportunity to pass the committee amendments. I, myself, personally, of course, oppose the committee amendments as I did in their voting in the committee rather, and will renew my argument against the committee amendments when I get to speak as an individual member of the body. With that, I reluctantly, and because of duty, move the adoption of the committee amendments.

SPEAKER BARRETT: Thank you. Discussion on the committee amendments to LB 356, Senator Crosby, followed by Senator Wesely.

SENATOR CROSBY: Thank you, Mr. Speaker. It is a pleasure to speak this morning for the depositors as we affectionately call this bill, LB 356, the Depositor's Bill. I stand to oppose the amendment which eliminates Commonwealth depositors from this bill. Commonwealth is the cornerstone of this particular legislation. Commonwealth's failure in 1983 is what started the downhill slide for the other industrial banks. There were...was a run on each one of them, and that whole thing was begun because of the Commonwealth failure. So I do oppose this and I want to speak, as far as the amendment is concerned and as the whole bill. This bill is about...I want to tell you what it is about, and then again, I will urge you to vote against this amendment. This bill is about justice, fair play, noblesse oblige, integrity. It's about living up to our responsibilities. In the original legislation, the words "Nebraska Depository Institution Guaranty Corporation" were included and mandated to the industrials that they have that in there advertising, in their windows, everywhere in their banks so people would understand that there was a backing for their deposits up to a certain amount, an insurance backing. What became evident to people when they read that line is, Nebraska and the word "Guaranty". That's what comes out to them immediately. Now the State of Nebraska is not that outline on the map, it's people. It is you and I, it is all of us. A

state is made up of people and as people we do have this obligation to return to these depositors of the failed industrials the amount that they had guaranteed by the Nebraska Depository Institution Guaranty Corporation. We all like to sing that song, "There is No Place Like Nebraska" and last week on our last night in Rome, of course, we sang that to the Italians so they know where we come from. But remember those two lines that say, "where the girls are the fairest and the boys are the squarest". You have an opportunity today to make those two lines a reality and be fair and square, vote for this legislation to reimburse the depositors of all of the industrial banks and I urge you to vote against this amendment. We must keep Commonwealth in it and then vote to advance the bill. Thank you.

SPEAKER BARRETT: Thank you. Senator Wesely, on the committee amendments. Thank you. Senator Goodrich, followed by Senator Korshoj.

SENATOR GOODRICH: Mr. President, members of the body, the committee amendments, as I understand, take Commonwealth out of the bill. And in my opinion, that is the way it should be. The reason for that is that we gave \$8.5 million to the Commonwealth depositors and that's as far as I'm going to go. Remember when we adopted this particular \$8.5 million "bailout", Senator Johnson, Vard Johnson, who was here with us at the time said that that, in essence, was what had been concluded to be the figure that would relieve the state of any and all liability for the Commonwealth depositors. Now, what I am willing to do is that I will support, rather, the State Securities and the American Savings people to exactly the same extent that we bailed out, or reimbursed the Commonwealth people. When we can get that amendment drafted so that it not only eliminates, leaves Commonwealth out of it in other words, but reimburses American and Securities people to the same extent that we did the Commonwealth people, then I'm willing to support that, but that's as far as I can go. And I would wholeheartedly recommend to this body that once you give any more money to the Commonwealth people, you're in trouble because of the fact that we gave them 8.5 million for a settlement of that issue and we should not go any further. I would urge you to support the committee amendment, thank you.

SPEAKER BARRETT: Thank you. Senator Korshoj. Thank you. Senator Hall, on the amendments. Question has been called. I

would...I will not recognize that in view of the limited amount of discussion that has taken place. Thank you, Senator Hall. Senator Crosby.

SENATOR CROSBY: Thank you, Mr. Speaker. I just want to reiterate what I said before about this amendment, that eliminating Commonwealth eliminates the cornerstone of the whole question, and \$800,000 is a very small amount of money compared to what these people really lost and I just feel strongly that you should not amend Commonwealth out of it. If you do, that, in my way of thinking, eliminates almost the whole bill, the whole idea of the bill. The Commonwealth depositors are the ones who really have worked very hard to see to it that everyone is treated fairly in all of these banks, so I urge you not to vote for this amendment and keep Commonwealth as part of LB 356. Again, I say Commonwealth is the cornerstone. It's failure is what started the run on those other banks. You can't get away from that, so please don't...vote against this amendment, please. Don't take Commonwealth out. Thank you.

SPEAKER BARRETT: Thank you. Senator Schmit, followed by Senators Landis and Wesely.

SENATOR SCHMIT: Mr. President and members, I also rise in opposition to the committee amendments. I agree with what Senator Crosby has said and I'll be very frank and brief that I believe that all of the entities should be treated equally, and that if we are going to discuss the issue on the floor, we ought to discuss them in their entirety. There is a...is some difference with Commonwealth, but I still believe that the matter of equity demands that we discuss each of them at the same time and then allow the Legislature to make a decision as we proceed. So I would ask you to reject the committee amendments at this time.

SPEAKER BARRETT: Thank you. Senator Landis.

SENATOR LANDIS: Thank you, Mr. Speaker, members of the Legislature, I've been asked the legal status...if I could summarize the legal status of claims against the state and actions that we've had in the past, and I'll do my best. Frankly, this is a difficult area and I hope that my statement is in all detail correct. We passed LB 1 and it was approved by the Governor in 1985. It was an \$8.5 million settlement of the Commonwealth tort claim. It was a settlement reached between

the receiver, the Banking Department, and the State Legislature in which we appropriated \$8.5 million. Let me read to you a section of the law on our part authorizing the \$8.5 million. In Section 2 it states, it is specifically understood and agreed that this release shall not prejudice or prevent the Department of Banking and Finance of the State of Nebraska as a receiver of Commonwealth Savings Company from attempting to obtain an additional appropriation from the Legislature. Now the State of Nebraska, as such legislative body, may, in its discretion, determine to be appropriate in the public interest or to meet any moral obligations of the State of Nebraska. I do not know of a successful claim against the state by Commonwealth depositors nor, given recent Supreme Court action, is there a successful claim by State Securities depositors or American Savings depositors. The courts so far have utilized the exceptions in the law which relieve the state of liability for the discretionary acts of its representatives and bureaucrats and in so relying have found no legal liability on the state's part in this area. It is not the claim of proponents of 356 that either the Commonwealth depositors or the American Savings and the State Securities depositors are entitled to recovery based on a legal claim which is either now in the courts or would be successful were it to be taken to the courts. I don't think you can read the court cases to say that. We do have a court-approved settlement between the state and the receiver, although the depositors themselves, over 900 of them, petitioned the court saying we do not accept this award. And, secondly, the Legislature at the time it authorized the 8.5 million appropriation, did not foreclose the prospect of successful action today. It specifically accepted this kind of action, action in which, due to the moral obligations this body should feel with respect to depositors, make amends along the lines of the guaranteed amounts which the state participated in with respect to NDIGC. So there is no successful legal claim right now. There is no legal settlement for State Securities of American Savings. There is a court-approved settlement between the state and the receiver with respect to Commonwealth to the tune of \$8.5 million, but which specifically, on the Legislature's part, recognizes the prospect of action on a day like today in which we as a body decide to make whole, depositors who relied on the State of Nebraska...

SPEAKER BARRETT: One minute.

SENATOR LANDIS: ...over and above that \$8.5 million settlement.

I want to use my time to go beyond that legal characterization, however, to point out that a number of institutions around this state have undergone difficulty in the last three or four years. Western Nebraska Savings Company in Alliance, which was reorganized under the FDIC, opened and doing business now as Western Bank. In Beatrice the First Securities Savings has been reorganized and opened. In Columbus the Commerce Savings of Columbus has been rescued under FDIC approval. Fremont, Gering, Grand Island, Gretna, Hastings, Kearney, LaVista, Lexington, Louisville, Norfolk, North Platte, Papillion, Schuyler, Scottsbluff, Sidney, Wayne, Waverly, York, all of whom had financial institutions that grew insolvent, not with any assistance by the State of Nebraska, not with any kind of assistance of an NDIGC...

SPEAKER BARRETT: Time has expired.

SENATOR LANDIS: ...sponsor guarantee, but on their own and for which there was remedy by federally backed FDIC or federally backed FSLIC, reorganized and reopened so that depositors did not feel injury whatsoever. That same rescue was not available...

SPEAKER BARRETT: Time has expired, Senator Landis.

SENATOR LANDIS: ...to three institutions in this state and that's what LB 356 is about. I'll leave my light on and renew it again, Mr. Speaker. Thank you.

SPEAKER BARRETT: Thank you. The Chair is pleased to announce that Senator Abboud has some guests in our south balcony, 24 Government students, juniors and seniors from Ralston High School with their teacher. Would you people please stand and be recognized by your Legislature. Thank you. We're pleased to have you with us this morning. On the committee amendments, Senator Wesely, followed by Senators Labedz and Hall.

SENATOR WESELY: Thank you, Mr. Speaker, members, as a Banking Committee member I want to also express my opposition to this amendment. The amendment really does throw this bill into a very unfair situation where it provides relief up to the \$30,000 guarantee for two of the three institutions affected by these failures but the third would only receive a partial recovery of losses. So to be fair we really have to do an across-the-board consideration of the issue. So whether you agree or disagree

with the matter, the introducers of the bill which include myself and Senator Landis and Senator Crosby and a number of other members of this Legislature, to be reasonable and fair we do need to reject the committee amendments and deal with this on an up-front, across-the-board concept, and that is exactly the concept we need to keep in mind. This bill is saying this state made a guarantee of \$30,000. We've partially repaid the Commonwealth people, not anywhere close to the \$30,000. We need to take a further step to bring them up to the \$30,000 guarantee and the other two institutions that have received nothing need likewise to be dealt with in that same fair and equitable across-the-board fashion. So to deal with the basic concept of meeting the \$30,000 guarantee, you must reject the committee amendments and deal with all these institutions fairly and similarly. And so with that, I'd ask for your help as well to reject the committee amendments and also give the rest of my time to Senator Landis.

SPEAKER BARRETT: Senator Landis.

SENATOR LANDIS: Mr. Speaker, members of the Legislature, since its inception the Commonwealth disaster has prompted a great deal of editorial comment in this state and it's significant to understand that this issue has a statewide constituency. It has the editorial support of a number of newspapers representing a wide variety of public opinion in this state. Among those papers which have editorialized or have spoken on behalf of this issue and suggested that the state should honor its claim and its moral obligations to depositors of Commonwealth, included in that list of papers are the Alliance Times-Herald, the Beatrice Daily Sun, the Columbus Telegram, the Crete News, the Central City Nonpareil, the David City Banner-Press, the Elgin Review, Fremont Tribune, Grand Island Independent, Hastings Tribune, Hemingford Ledger, the Holdrege Citizen, the Kearney Daily Hub, McCook Gazette, Nebraska City News-Press and also papers in Norfolk, North Platte, Omaha, O'Neill, Pierce, Polk, St. Edwards, Scottsbluff, Seward, South Sioux City, Superior, Syracuse, Wahoo, Wakefield, West Point, Wisner and York. In other words, as is so often portrayed quietly off the floor by my colleagues, this is not a Lincoln issue, nor with the introduction of the other two institutions, a Lincoln/Omaha issue. There are voices from across this state that say when this state allows its name to be put on a guarantee and permit its name, not permit, actually require its name to be affixed as the part of the seal of when one enters upon the doorway of an

institution and on the materials that are handed to potential depositors, when the state requires that to be done, the state assumes a moral responsibility when, in this case, a Ponzi scheme robs depositors of thousands and thousands, millions and millions of dollars. Is there a reason to distinguish Commonwealth from the other two institutions? No, there isn't, and the \$8.5 million settlement is no reason either. The claim we make today is not based on legal liability. Frankly, that question has been answered, I think, for all of the institutions. They are all in the same boat. The question is whether or not the state will stand by the loophole which allows it to get out of legal responsibility...

SPEAKER BARRETT: One minute.

SENATOR LANDIS: ...and to watch the hopes and dreams of the depositors go down the drain even when they relied upon the guarantee of the state. I, for one, say no, and I'm hoping the body agrees with me that, in fact, there is no distinction to be made here, nor should there be a distinction between these institutions and that long list of institutions which were rescued by taxpayer-backed institutions at the federal level which all of us support and were rescued in a way that no depositor in this state, except these institutions, have been prejudiced. I, for one, ask the body to look at the issue of Commonwealth, see that it is no different than the other two institutions and realize that halfway measures are not just nor fair, that to say we've given an inadequate amount of compensation justifies no further action is a mistake. In fact...

SPEAKER BARRETT: Time has expired.

SENATOR LANDIS: ...we need to do what is due and owing and that is meeting the \$30,000 guarantee for each of these three institutions.

SPEAKER BARRETT: Senator Labeledz.

SENATOR LABEDZ: Thank you, Mr. President. I, too, rise in opposition to the committee amendments. I am a co-sponsor of LB 356 and very proud to do so. It is very, very hard and difficult for me to believe that the state would not, especially on the Commonwealth issue, back the \$30,000 guarantee that so many of the depositors felt they had. It is especially hard for

those, especially the elderly, that have worked hard all their lives and saved and saved and saved for their retirement and then at the very end know that they cannot even get a return on their savings, so I'm very, very proud to be a co-sponsor of LB 356 and I urge the rejection of the committee amendments.

SPEAKER BARRETT: Senator Hall.

SENATOR HALL: I yield to Senator Landis.

SPEAKER BARRETT: Senator Landis.

SENATOR LANDIS: Since there has been no opposition with the exception of Senator Goodrich, I'll make some brief remarks and perhaps the question could be called and we could get to this issue. If, in fact, the committee amendments are adopted, we would have the chance to offer an amendment and renew this colloquy if necessary. I have on a couple of occasions spoken an analogy which I think applies and perhaps it has worn out its welcome, but I find that it's the only way I can vent my frustration on the issue and so I do it again. What the state has done in this situation I think is rather analogous to a person in whom you have trust and faith. Perhaps you've hired them as a watchman and have put them on retainer to make sure that your house is safe and they do a search every night. Well, one night they come across a closet and in the closet is an open gas can and some empty rags and dirty rags and some flints and some dynamite, all in proximity, and then there is this flashing open electrical socket that is sparking up above, and seeing this dangerous situation the watchman closes the door and turns the light off in the room and stands outside the door. And next to it are two other closets as well and he stands guard outside. And a person walks up, the person who has hired this watchman, the homeowner and he says, is it safe in there? And the watchman, oh, it's perfectly safe, I promise you it's safe; feel free to go in there, it's safe in there. And the homeowner says, well, all right, and the watchman says, oh, by the way, it's dark in there so here's a lighted torch to carry with you when you go inside. I'm just going to walk down the hall here, but you take the lighted torch inside the closet. And so the homeowner does, the rags ignite, the gasoline fires up, the TNT explodes and the house comes crashing down. The homeowner is the depositor, asking the state, the person hired to do their bidding, to see if institutions are safe, asking their advice, is this safe? And the watchman who knows it's unsafe through

the five previous annual examinations of the institution, who knows there is insider deals, who knows it's insolvent, who knows that it's a Ponzi scheme and money is coming in the front and going out the back, the state who knows this says, why sure, it's safe. Not only that, it's guaranteed. And not only that, we're going to raise the \$10,000 guarantee to \$30,000 on your way into the closet, so here's your burning \$30,000 guarantee torch, have at it, it's safe. And now the bruised and battered depositor or homeowner comes back to the watchman and says, it wasn't safe. Your advice was bad. I hired you to rely on you and I couldn't rely on you. And here we are saying, too darned bad. You should have known better. Of course, you're not a bank examiner, you didn't know what we knew, but you should have known better. You're not a lawyer, you didn't read the statutes and see where the NDIGC really wasn't a state institution, it doesn't matter...

SPEAKER BARRETT: One minute.

SENATOR LANDIS: ...you're on your own here. You're not an accountant, you don't know the federal laws. You're not a high-powered financial analyst, you're not a banker, too bad, you're stuck. Even though you've come to rely on us, even though you hire us to do this work, we've got a loophole and we're going to stand by it. If the loophole is more important than keeping our word, in this case the depositors, that's the situation that I think we're in. And it breaks my heart beyond my ability to find words to capture that, that we have not found a way to honor what I think is a sacred trust. I urge the rejection of the committee amendments.

SPEAKER BARRETT: Senator Korshoj.

SENATOR KORSHOJ: Mr. Speaker and members, if David Landis would yield to a couple of questions, and I'm going to give the rest of my time to Senator Chambers.

SPEAKER BARRETT: Senator Landis.

SENATOR KORSHOJ: What year did we set up this NDIGC? What year was it set up?

SENATOR LANDIS: About 1978, but I tell you what I've got my...I've got a...I can find that for you, Frank, before our debate closes this morning.

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LB 356

SENATOR KORSHOJ: Okay, and then what was the amount of deposits at that time of the institution?

SENATOR LANDIS: When the...

SENATOR KORSHOJ: When we set up the trust...the insurance?

SENATOR LANDIS: I do not know that number but I can find that number for you, Frank.

SENATOR KORSHOJ: Well, we're not doing very well, and then when it failed I would like to know what the deposits were.

SENATOR LANDIS: Over \$60 million.

SENATOR KORSHOJ: But you don't know what it was when we set up the insurance?

SENATOR LANDIS: It was considerably less.

SENATOR KORSHOJ: But are we talking a third that much, or what are we talking?

SENATOR LANDIS: I'd say a third that much but let me see if I can't find some specific numbers for you.

SENATOR KORSHOJ: I'd like that figure because all the letters we've received so far says that they deposited it because of the insurance, and I would like to get that fact straight in my mind. With that, I will give the rest of my time to Senator Chambers.

SPEAKER BARRETT: Senator Chambers, three minutes and forty-five seconds.

SENATOR CHAMBERS: Mr. Chairman and members of the Legislature, I want to thank Senator Korshoj for giving me a portion of his time. I also am opposed to the committee amendment which would strike the Commonwealth depositors from the scope of this bill. Some of us who have been here almost 20 years have watched this entire process. We've seen it from the beginning. We saw the improper conduct of public officials, the dereliction of duty by public officials, the wrenching, tearing impeachment proceedings that took place in the Legislature with reference to the

Attorney General who did not carry out his responsibilities, and when you have that many public officials representing the state, and by extrapolation the people of the state, engaging in conduct that was inappropriate, refusing and failing to do other things that their duty required them to do and the result was damage to people who had been led to trust in those state officials and the operation of an institution, I do believe the state has an obligation and a responsibility to make good on the promise that was made. There was an incident involving Abraham Lincoln where an individual came to him and alleged that there was a certain thing Lincoln should do because he had made a promise, and Lincoln wasn't so sure that he had really made the promise, but after listening to the individual and seeing how things that he himself, Lincoln, had said could have led the person to believe that the promise had been made, Lincoln said, the promise having been made, must be kept. I don't think that it's going to break the treasury of this state nor harm anybody for the state to remove this blot from its public record by anteing up this money that ought to be returned to the depositors. It will end once and for all the agony that people have felt, the arguments that have gone back and forth, the acrimonious discussions and accusations that probably will never end. I think this one time, since the opportunity is presented to us in this fashion, we should reject the committee amendments, then we will have all of the people who have suffered a loss placed on the same footing and we can review and make a decision about all of them on that basis. But to select certain individuals and exclude others, when they all were victimized in essentially the same way, I think would be unconscionable for the Legislature to do. We would be creating a new division by a deliberate and conscious legislative act and I think that is something we should never do. So I hope we will defeat the committee amendments...

SPEAKER BARRETT: One minute.

SENATOR CHAMBERS: ...then go forward and adopt the bill.

SPEAKER BARRETT: Senator Crosby, followed by Senator Withem.

SENATOR CROSBY: I yield my time to Senator Landis.

SPEAKER BARRETT: Senator Landis.

SENATOR LANDIS: Thank you, Mr. Speaker, members of the

Legislature, with respect to Senator Korshoj's question, NDIGC was formed on a vote on April 15, 1977, and there were 40 votes in favor of the bill, some of whom are still here in the Legislature, by the way. If you take a look at your districts, you have a real good chance that your representative from your district voted yes on this proposal. You might look to just check that out. There were no votes in the negative, by the way, so there is no district that opposed the formation of this NDIGC. In 1979 State Securities had \$38 million of deposits. By the time this fiasco occurred they were up to \$50 million, a growth of about one-third. That was State Securities. And with respect to Commonwealth, I've got just some rough figures from the lobby. I've asked Walt Radcliffe, John DeCamp what they can remember and John's memory was from \$38 million with up, a growth in Commonwealth that was not a huge growth, but there was some growth in the intervening years from '77 to '83 or '84. Now on the issue itself I think Senator Withem had asked me privately, and perhaps I can just answer that question, he said, well, how did the committee amendments come about, how come they're here, why are they before us on the floor? Fair characterization of the question? After our hearing which had a number of people here and was pretty exciting for the committee, one of our most well-attended and most heated committee hearings of the year, we took a vote in the committee and there were four votes to advance the bill. And one of our members, Senator Abboud, said, well, I can support the bill being reported out if we take Commonwealth out. And the four of us who were supporting the bill said, well, if that is the one way the bill can get out, we'll make the adjustment, we'll vote for the amendment, we'll report the bill out and we'll take our chances on the floor with the committee amendment, and that is how the action came about by the committee. Without the committee amendment, the bill wouldn't be on the floor; with the committee amendment, the bill is on the floor but the four of us who support this bill oppose the committee amendments to my knowledge. And I'm not in a position to call the question at this point, Mr. Speaker, having already spoken, but it seems to me that that would be timely and something that we could do pretty soon.

SPEAKER BARRETT: The Chair is pleased to announce that Senator Elmer has some guests in the north balcony, 25 eighth graders from Arapahoe Public Schools with their teacher. Would you folks please stand and take a bow. Thank you. We're pleased to have you here, especially having had to travel that far. Glad

to have you. Further discussion, Senator Withem.

SENATOR WITHEM: Yes, Mr. Speaker, members of the body, I'm tempted to take you up on your request to call the question, Senator Landis, but I think I'd like to...I'd like to have two or three more questions answered if we could. First of all, clarification then on the committee amendments. I was kind of looking forward to the debate this morning, assuming that we would have a strong defense of the committee amendments as to why we should pay for the other institutions and not for Commonwealth versus those, and we have had very strong arguments, very good arguments on the other side as to why Commonwealth should be included. But what you're saying basically, it wasn't a split in the committee on whether you ought to include Commonwealth or whether you shouldn't, it was basically, you know, three positions. One, we ought to pay everybody; the other, we shouldn't pay anybody; and then a small minority on the committee that was a swing that could support it if Commonwealth were excluded. So there isn't necessarily a big rationale in the committee for excluding Commonwealth. It was basically one member who was a swing vote. Is that fair characterization?

SENATOR LANDIS: Yup.

SENATOR WITHEM: And beings that member is not here, and I'm not being critical for him not being here, that's partially the reason we haven't heard the strong defense of the committee amendments. If the committee amendments are defeated, what will the fiscal note of the bill be? I see \$40 million in the book. Is that approximately what it will cost us?

SENATOR LANDIS: That's what is in the book and that includes interest. The fiscal note drops down by half at least and a little bit more.

SENATOR WITHEM: If you don't include interest or...

SENATOR LANDIS: No. If you...

SENATOR WITHEM: If you adopt the committee amendments...

SENATOR LANDIS: If you adopt the committee amendments, you're going to drop out, I'd say, at least 50 percent of the cost of the bill.

SENATOR WITHEM: Okay.

SENATOR LANDIS: The reason being, the Commonwealth claim...

SENATOR WITHEM: Okay.

SENATOR LANDIS: ...is larger than the State Securities and the American Savings claims.

SENATOR WITHEM: Okay, so with the rejection of the committee amendments it's a \$40 million bill at this point and without...with the committee amendments adopted it still becomes...it's still a sizeable sum of money, \$20 million?

SENATOR LANDIS: Yes, a little under \$20 million.

SENATOR WITHEM: Okay, maybe this is an unfair question to ask a strong proponent of paying the full claim, but is there room in this bill in our process for something less or is it a matter of you either vote for LB 356 in its current form or we don't pass it, it's either 40 or 20 or nothing? Is that kind of the position we're in, or are there some sensitive points within the bill, for instance, payment of interest, an argument as to whether we should or shouldn't pay interest, are there any of those kind of sensitive points around which we can make decisions that are not all or nothing sorts of decisions? And I ask that out of good faith to find out the answers, not an attempt to...I don't know how I'm going to vote on the bill at this point. Take the rest of my time to respond to that or anything else you want to say.

SENATOR LANDIS: Thank you. The question I understand to be, are there rational division points inside the bill? Yes, there are. If we were to fulfill the \$30 million (sic) guarantee by NDIGC, we would pay Commonwealth depositors \$22 million, State Security depositors about \$9 million and American Savings depositors about \$3 million, roughly a total of about \$33 million. There is interest in the bill. That interest is one rational division point that you could exclude. If you do that, it depends on what interest level that you're paying clearly because, well, because of the size of those portions of losses, those, too, reflect the size of the pie and the pieces that Commonwealth, State Securities and American Savings represent. I think one rational division point would be

interest. Another division point is the one raised by the committee amendments.

SPEAKER BARRETT: One minute.

SENATOR LANDIS: And I think Senator Goodrich alluded to it. Treat American Savings and State Securities to the same level of settlement numbers that we have settled for in the Commonwealth situation. Between those two rational breakpoints, any number that we are able to fund I think would be better than nothing and I think the proponents would be grateful for it. There is one and only one morally acceptable point and that is full compensation, the same thing that depositors in Alliance and Gering and the other institutions that I previously read received from other tax backed institutions such as the FDIC and FSLIC. My guess is the depositors from all three institutions will be grateful for any compensation.

SPEAKER BARRETT: Time has expired.

SENATOR LANDIS: The number that makes the most sense to me, and to them, is full compensation.

SPEAKER BARRETT: Senator Schmit, on the committee amendments. Senator Chambers, followed by Senator Warner.

SENATOR CHAMBERS: Mr. Chairman, I just have another brief comment I would like to make. This issue should not resolve itself really into one of dollars and cents, and although we're discussing it in those terms, there is a real underlying basis for a resolution of this matter and that basis is what is right. It is right for the state to do what we are attempting to do. It would be wrong to cut out the Commonwealth depositors, and with that brief comment, I'm going to sit down but I may have a few other things to say when we get to the bill itself.

SPEAKER BARRETT: Thank you. Senator Warner, followed by Senator Wesely.

SENATOR WARNER: Mr. President, members of the Legislature, I'd rise to oppose the committee amendment and, if rejected, then support the bill. This is an issue I've thought back a lot over the years, certainly I've had a number of years to have had that opportunity to do as we all have. But I have thought back to '83 when this first became an issue that we were all aware of

and it, frankly, was my feeling early on that the interest and concern for the depositors, while it was certainly there, there was other aspects of the whole situation at that time that seemed to overshadow the problems that was created by the state for the depositors, primarily who were looking to some culprit to blame and penalize. And the emphasis was the wrong place in a sense, not that that shouldn't have been done, but the first concern it seems to me ought to have been the depositors at that time. I look at this as a little different than some perhaps because the fault certainly did lie in not having the type of regulation that we would expect or that those who had invested in those firms could expect. When you think back also, all of the laws that we enacted since that happened to provide more adequate supervision, we also have to accept the responsibility it seems to me that the state, the Legislature, prior to 1983 simply had not placed into law the kinds of regulations, the kind of supervision that we obviously should have had. And if that was not true we would not have seen all the legislation enacted since Commonwealth went down for more adequate supervision. So it seems to me that there is more than a simple legal issue that usually has been stressed. It was a simple fact that the state had failed to provide the kind of protection that ought to have been there in the law itself, obviously in the supervision, which basically was discretionary, but we, nevertheless, have not provided the tools even for discretionary action and that was a failure of the state as a whole that ought to have been recognized and addressed as it should have been. The whole thing, I recall when this whole concept started actually was the session before 1977. The initial type of a guaranty program was set up that, as I recall, only covered co-ops, credit unions and they were very small. It seems to me, and I may be in error on the numbers, but I don't think any of them ran more than 3 or \$4 million total assets. So you could have a guaranty program that was set up for very small institutions, a number of small institutions and perhaps the kind of coverage was adequate. But then come '77 we expanded that, and then we started with not much additional security backing the Guaranty Fund, we expanded it to include institutions that were at a level of 30 and \$40 million and bigger, and obviously that fund was not adequate.

SPEAKER BARRETT: One minute.

SENATOR WARNER: I remember that '77 vote, as most of you will experience or probably have experienced if you've been here a

while. Sometimes you vote on a bill that you just feel plain uneasy about, but you have no good basis to vote no, and I remember that bill very well as feeling very uneasy, not knowing any reason at the time at least, and I should have known I think, if I'd looked at numbers a little more carefully and the size of institutions we were attempting to cover with very modest guarantee. One should have known that the potential was there. I was asked once to list votes of that I have made in the 25 year, 26 years that I regret. Obviously, the vote on that bill in 1977 is at the top of that list. There is some others, I might add, but that one stands out very clear because I had that uneasy feeling that I still recall to this day.

SPEAKER BARRETT: Time. The member from the 26th District, Senator Wesely.

SENATOR WESELY: Question.

SPEAKER BARRETT: The question has been asked. Do I see five hands please to close debate? I do. Those in favor of ceasing debate please vote aye, opposed nay. Please record.

CLERK: 26 ayes, 0 nays to cease debate, Mr. President.

SPEAKER BARRETT: Debate ceases. Senator Landis, would you care to close on the adoption of the committee amendments?

SENATOR LANDIS: Thank you. Mr. Speaker, members of the Legislature, I will, as form dictates, ask the body to vote on the committee amendments. I will not, on the other hand, ask that you vote in favor of the committee amendments as we close on this discussion. I want to talk about what I think underlies the no votes that this issue always generates across the state and from my colleagues. Under the eaves, when the lights are off and we're sitting around alone, I talk to my colleagues. They say, well, I'm kind of torn, Dave, I think you make a good case but, frankly, my constituents won't let me vote for this bill. They tell me not to. And if I had to characterize why they tell me not to vote for this bill, they'd say that if the situation was reversed and if Lincoln and Omaha were called upon to come to our rescue and our aid, they wouldn't do it. If it was one of our co-ops that went down, if it was a grain elevator regulated by the Public Service Commission that exploded, I don't think they would be here for us, and if they're not going to be here for us, we're not going to be able to reverse the

situation here. These people were out looking for money, they were looking for the best investments, they didn't read the fine print and out here in the country we know to read the fine print. If you get in trouble, I doubt if you would bail us out, we're not going to help to bail you out. And I understand that thought. I hope it isn't true. I hope that one takes a look at the votes for Amendment 4 in which the rural elements of this state said we need some help, and they got it from the urban areas. I hope that when this state's representatives in Congress argue for grain supports and high support for our agricultural commodities, and we've elected those senators to do that, that that support comes from the urban areas as well as the rural areas, Lincoln and Omaha as well as outstate Nebraska calling for grain supports for our farmers. When Initiative 300 was passed and urban voters were asked to vote for what we thought was a pro-farm action, we did. Now frankly that is not the same thing as a bailout of an institution. But where institutions around this state have gone down, they have been backed by taxpayers, Alliance, Beatrice, Columbus, Fremont, Gering, Grand Island, Gretna, Hastings, Kearney, and more. Tax-supported institutions have done that. And when the FSLIC crisis goes on now at Washington and the feds argue about bailing out savings and loans, without the same kind of oversight that we have here, without the same kind of record of management knowledge on our part, a wrongdoing, Nebraskans don't say, oh, don't bail out the S & Ls. We don't send back the message, let them hang out to dry. On the national scale, I think we're going to support FSLIC. We're going to support the FDIC bailouts throughout the state. The three institutions that we won't support are the ones that our name is behind and that is an irony too deep to appreciate or find any consolation or humor or anything else in. I would hope, and I will spend the rest of my days here...

SPEAKER BARRETT: One minute.

SENATOR LANDIS: ...prepared to do likewise in return should the situation be reversed, and that is to send Lincoln and Omaha dollars where they are needed if there is some kind of similar situation where the state knows of a problem, regulates the problem, falls down on the job, injures individuals who relied on the state and then the state takes a powder. I hope that when that day comes you will be able to rely upon me to support fair and reasonable compensation. I ask it of you today and personally, although it's now time for a vote, I ask you to

reject the committee amendments.

SPEAKER BARRETT: Thank you. The question is the adoption of the committee amendments to LB 356. Those in favor please vote aye, opposed nay. Have you all voted?

SENATOR LANDIS: You can record as far as I'm concerned, Mr. Speaker.

SPEAKER BARRETT: Have you all voted if you'd care to vote? Have you all voted? Record, Mr. Clerk.

CLERK: 5 ayes, 23 nays, Mr. President, on adoption of committee amendments.

SPEAKER BARRETT: The committee amendments are not adopted. Anything further on the bill?

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

SPEAKER BARRETT: To the bill as amended. Senator Landis, I'm not sure that you have actually opened on the bill. Would you care to open?

SENATOR LANDIS: I've not opened on the bill. Why don't I do just a quick sketch of the bill and then allow the debate to proceed.

SPEAKER BARRETT: Thank you.

SENATOR LANDIS: The bill is a \$40 million appropriation to these three institutions for compensation plus interest. Now if one was to figure out the sum total amount of interest, the \$40 million wouldn't cover it and Senator Withem asked what the breakpoint would be. If you take in interest, why, we're talking about 60 some millions of dollars. If you do not use interest, then we're talking about \$33 million. My suggestion is, if the bill moves between here and Select File, that privately we discuss among ourselves whether or not the notion of interest makes sense and whether or not there should be an amendment on Select File, and I would treat the General File debate and action not as an endorsement of the \$40 million number, but as an endorsement of the idea of fair compensation and that discussions go forward on the basis of what that should be. I appreciate the body's recognition in the last vote that

all the depositors are in the same boat, that we are going to treat the depositors as people who are interchangeable in their moral relationship to the state. I think that is the appropriate relationship and I'm glad the body has supported that notion. Now the question comes, can we compensate these individuals? Frankly, we've got a surplus this year and we're arguing about what to do with that surplus. We're arguing about property tax relief, paying teachers, defeasing bonds, income tax returns, all kinds of payments with respect to money that we have in the bank, and every one of those ideas is meritorious. But, to me, the first claim on our treasury should be the exoneration of our good name and the compensation of individuals who have relied upon us. My suggestion to the body is that we advance the bill in its current form, that privately, between General File and Select File, let me pass among you to hear out your thoughts on the notion of interest or a sum of money that you think is appropriate to put into 356 to use its formula, and to make what compensation we can this year. It would be very cruel it seems to me when, in fact, we are flush with the unexpected benefits of growth in this state and of our tax change, and with that money which we are now inventing ways of taking care of, that we can't use that money to heal this old wound. I urge the advancement of 356.

SPEAKER BARRETT: Thank you. I'm pleased to take a moment to announce that Senator McFarland has a number of guests visiting this morning, both in the east balcony and the south balcony, 120 juniors and seniors from three high schools in Legislative District 28 here in Lincoln. Would you people please stand and be recognized the Legislature. Thank you. We're absolutely delighted that you could take the time to be with us this morning. Discussion on LB 356 as amended, Senator Korshoj, your light is on, followed by Senator Schmit.

SENATOR KORSHOJ: Mr. Speaker and members, I did vote to defeat the amendment. I think we've got to treat all of the institutions alike, but I, for one, at this time want to go on record and I would not support any interest payments. I think that both sides have got to be willing to give and I think we should discuss it right up front about that interest. I'm sure they feel they have it coming, and I know it's different. A bankruptcy court is a little different. You can request interest, but I don't know if they hardly ever pay any interest. I think the main topic here should be the principal. Haven't decided yet how I'm going to vote on it. I'm very soft on the

issue right now, but if the interest stays in it, why, I'd be on record as probably opposing the bill. I have really no other comment other than after Senator Landis said look at your district, and passed out the vote. I looked at my district, my district didn't vote. It was one of the two that could see many, many problems there evidently, the two people there not voting. But I think the state does have some obligation here. I think there's still got to be some compromise probably and I don't know what I'd say if it was my money, but I think the principal is still the thing that we've got to consider up front. And I would think that the interest would be a negotiable point with them. With that, I will conclude. Thank you.

SPEAKER BARRETT: Thank you. Senator Schmit, followed by Senators Warner, Wesely and Rod Johnson.

SENATOR SCHMIT: Mr. President and members, I agree with much of what has been said here. I would just like to try to clear up one point I believe that is important. The Legislature did not establish NDIGC. The Legislature enacted a bill into law which allowed for the creation of the NDIGC. Now it may seem a minor point to some, but it is a major point and I want to go on record on that, and if I'm incorrect, then I hope that someone later on will correct me. But as I recall at the time that we passed the bill that it was enabling legislation, not unlike much which we have passed on this floor relative to other regulatory bodies and relative to other types of insurance entities, some of which we have, of course, proceeded to become involve with more recently and I have shown some concern about that because of what has happened with the NDIGC. Secondly, I want to point out that I do not believe that NDIGC treated Dwight Co-op Credit equitably when that institution failed prior to the failure of Commonwealth. And it would be easy for me then to say, well, we didn't treat that small institution fairly and no hue and cry was raised to assist them, but I do not believe in that sort of comparison. So, therefore, although I will continue to research whether or not there is any possible way that I can achieve some equity for that institution, I still, nonetheless, support the payment to the \$20,000 guarantee. And I do so because I believe the integrity of the state is at stake. I can't help but think about the contrast that we have here between this situation and that which exists on the national level with the huge deposits that were guaranteed in excess of \$100,000 by the FDIC back with the

guarantee of the Congress. In effect, they said pay them all off because if you don't you're going to shake the entire financial community to the roots. We have found the same thing now with FSLIC, that started out as several billions of dollars of loss and escalated to 50 billion. Now this last week we are told may be as much as 200 billion and, therefore, the Congress is going to make that good one way or the other which means that the taxpayer in general will do so. I think that we are not in an unlike situation here at the state level. That is that the integrity of the state is at stake and I well recall, and I don't think very many will, that when the situation first developed, there was a proposal by Senator DeCamp at that time that the state take over all of the assets, pay off the claims up to \$30,000, considerable and nonetheless be liable, if there were additional assets to pay more than that. Had we done so at that time, it is my belief that the losses would have been minimized. The real estate market would have stabilized and many other institutions would have proven that action, as in some other states, to be correct. Instead we chose to vacillate and equivocate and we did some other things which frankly I did not approve of, but we put the depositors probably last. I don't think it was right and I don't think it's right now. I don't think that most of all, because it happened to be small institutions relatively, that we should say, well, you're stuck.

SPEAKER BARRETT: One minute.

SENATOR SCHMIT: I think that most of all, and I have objected time and time and again to the inequitable treatment of small banks versus large banks by the FDIC. I bitterly resent the fact that two small banks in my district were closed. Simply because they were small banks, FDIC would not go through the bother of keeping them intact, whereas larger institutions were made whole. I think that the size of the institution has nothing to do with it. I think the important thing is that there are people involved, the important thing is that we have the opportunity to correct a redress that I think should have been done long time ago and the legal aspects of it is something that the lawyers will always argue about and the courts will argue about. And I know there is some deep concern about it, but I think that in this instance there is a moral obligation that transcends the actual legal obligation. I think also that Senator Landis raised another good point...

SPEAKER BARRETT: Time.

SENATOR SCHMIT: ...that is that generally the State of Nebraska responds to a state need whether it is local, to the City of Lincoln, or is outstate and I would hope that we would continue to advance this bill, and as Senator Korshoj says, there may be some compromises but basically I think we understand what our obligation is and I hope we proceed in that direction.

SPEAKER BARRETT: Senator Warner.

SENATOR WARNER: Mr. President, members of the Legislature, there is only one other aspect that I wanted to comment on in addition to my earlier remarks, and that relates to the dollar amount of coverage which would be provided through this bill and its appropriation at \$40 million which does, as I understand it, cover a little more than the principal lost in the very modest interest rate, should that be also included, certainly far less than what the interest loss would be at any kind of an average or reasonable level. But I had made up my mind well before this session started that if, in fact, there was some funds that were "surplus", that the one place that would be appropriate would be here. It is one-time money, it is one-time expenditure and I have rather repeatedly opposed a number of, voted no at least, on a number of bills that have been advanced that supposedly was to start new programs or even perhaps one-time money, but this one area is the one area which, as far as I am personally concerned, should have the highest priority on available funds at this time. I don't know that it was necessarily accurate to say that in the past we've rejected it because there was, or the Legislature has rejected because there was shortage of funds. Certainly there was a shortage of funds at times, but by the same token we also found ways to attain additional revenue in order to fund some things or reduce the amount of cuts, but we now have an opportunity it seems to me to at least make some effort to return some confidence in people across the state that when we pass laws that they have reliance upon, that they have confidence in, that in their actions that this will be an opportunity to finally, at least in this area, provide some assurance that when we pass a law that we expect it to be, whether it's enabling legislation or put into operation by the statute itself, at least it would indicate that the state understands that there is a real liability on the part, not perhaps legal, but a real liability and confidence that the people can expect that those laws are going to be followed and that those laws are built in for their protection and, in fact,

when they are needed that they are going to be there to provide the kind of support that any reasonable person could expect. So I would urge that the bill be advanced, that the amount as proposed would be what would be an initial A bill and recognizing that it is certainly less than what would be appropriate in terms of any interest earnings at all on that, those funds, but I would hope the body would advance the bill and put in the A bill with the amount called for in the fiscal note.

SPEAKER BARRETT: Thank you. Senator Wesely.

SENATOR WESELY: Thank you, Mr. Speaker, members, Senator Schmit's comments about the S & Ls brought to mind a couple of quotes I have heard recently and this rash of failures, first in Nebraska, these small banks guaranteed by our NDIGC and now the S & Ls throughout the country. Somebody asked, Willie Sutton, (phonetic) a bank robber, why he robbed banks, and he said, because that is where the money is. Recently that has been converted now to another comment and that is the best way to rob a bank is to own a bank now and certainly we saw that in the case of Commonwealth and we've seen it in a case of a number of these S & Ls and there has been accusations about State Securities in this regard. And, clearly, we've had some massive corruption and mismanagement and misappropriation of funds. Franklin Credit Union is another example. We've had a rash of these. The 1980s have been very hard on our confidence in financial institutions. They run the gamut from these banks we're talking about here today, these NDIGC organizations, to the credit union up in Omaha, to the S & Ls around the country, but we stood by in the federal level and kept those guarantees that were made and are reimbursing depositors no matter how much it hurts, no matter how much it costs because it is important for the stability of our financial institutions and our financial underpinnings of our economy to do that. Similarly, the public purpose served by this bill that affects the whole state is to make sure everybody knows that our word is good and that when we make a commitment we keep it. It shouldn't be just a federal mandate that that word is kept but that it ought to be a state one as well. And in addition, if we ever are going to deal with this issue it appears to me that this is the time, if ever a time, this is that time to move and act on this issue. There is the money available. We haven't had it available in the past. That has been one of the big reasons people have opposed this legislation and I understand that. But clearly,

the resources are there to move forward on a one-time basis and put the issue behind us, to move forward, to heal the wounds and to leave the trauma and the division of this whole issue behind us so we can shore up our financial stability and our financial institutions and allow us to keep our word and put all this into the past as best we can. And I think those are very strong arguments in favor of the bill. Let me make a couple more arguments and cut it off. Senator Korshoj talked about the rise in deposits that occurred since the NDIGC was established to the point at which Commonwealth failed. Senator Korshoj, in 1978 there were 29, this is institutions, under NDIGC with \$191 million in deposits. It went from that to at the end of 1982 to 33 institutions and about \$309 million. So it was a very substantial increase and evidently there were 27 other credit unions involved with \$34 million, so you might argue that we were talking about almost...well, \$343 million covered by NDIGC and at 3.5 million, I'm not quite sure of percentages, but I think we're talking about 1 percent. We had about 1 percent to cover those institutions. In addition to establishing the NDIGC, we also increased the coverage from 10,000 to \$30,000 shortly before the failures of 1983 and beyond. We made a commitment. We didn't prepare to meet that commitment and I think, hopefully, you can see that we were woefully unprepared for what happened. In addition, comparing to other states, a little list that was prepared indicates that Maryland, Ohio, California, Utah, and Hawaii all had similar situations of failure under state guaranteed organizations and in every case the legislatures appropriated the funds and met...

SPEAKER BARRETT: One minute.

SENATOR WESELY: ...the guarantee. So I don't want to stand alone in Nebraska as the one state that had a state guaranty organization that did not meet its guarantee. I also don't want to stand alone as the one state looking at the federal government and seeing what they are trying to do, that refuse to keep their promise in this area. I don't think we want that distinction. I think we want to understand that our word is good, and in Nebraska you can count on us, when we say we're guaranteeing something, we mean it. So I would ask very much for your support for the bill.

SPEAKER BARRETT: The gentleman from Sutton, Senator Johnson, followed by Senator Morrissey.

SENATOR R. JOHNSON: Mr. President, members, I stand and rise to support the advancement of this bill. As some of you might note, my name is on this bill and I've had more than my share of colleagues come up to me and ask me why I would choose to sign a bill that has very little impact upon my district and its citizens that live there, but I think it goes to the heart of the message that Senator Landis was giving to us in his closing on the committee amendments in that as state senators we're asked sometimes to provide for the good of all Nebraska and not just the parochial interest of the districts that we represent. This issue brings to mind a couple of situations that I think swayed my judgment on this issue. Back in 1985, in fact, on May 31 of 1985, I received a message then from former Governor Bob Kerrey to come to his office immediately, he needed to visit with me. I went back into his office and he sat down with me and he said, Rod, he says, I have some bad news to tell you. He said we have decided, based upon some reports from the Banking Department that we need to close the Fairfield and Edgar banks as well as the Oak and Taylor banks, and Fairfield and Edgar happen to be communities in my district. And I can remember the shock and the dismay that I had with that decision. And I remember meeting with those depositors and those borrowers of those institutions and the frustration and the anger and the fear that they felt, the loss of potentially their deposits and, of course, the borrowers, many of which were farmers, where they might go to find an institution that would take on their line of credit. And I guess since that date I've always had somewhat of a soft spot for this issue since that time because I can relate that the frustration that those folks might have felt in my district are the same kind of feelings I think many of the depositors of Commonwealth and State Securities and others who suffered under this collapse have to feel. And another issue came to mind that swayed my opinion that this is at least a moral issue as well as possibly a legal one. And in that...in the summer I believe it was, of 1986 or '87, the Harvard State Airfield had a natural catastrophe, a couple of the hangars in those areas were burned down and many of the local fire departments were called to help fight the fire on the state airfield. Legally, the state had no obligation to pay those volunteer fire departments that suffered damage to their equipment. In fact, they did offer a claim before the state and the attorney from the state argued that there was no legal basis in which we were to pay them. The State Claims Board and this Legislature chose then not to agree with that attorney and went ahead and paid those claims at a reduced level, but nonetheless

on a moral obligation, paid that claim. Granted, it wasn't this size of dollars that we're talking about here today. It was less than 100,000, but still it meant something to those communities that they knew that the state, even though they legally maybe did not have a obligation to pay those claims, felt strongly enough about the services that those local communities provided to the state airfield that they did pay them. So that has helped, I think, to prompt my decision to support this bill. I know that when Senator McFarland was circulating the bill around at the beginning of the session he was talking with Senator Landis and I asked him if he would mind if I signed on, and he was very gracious and said he'd be happy to have me add my name and I felt it was important that I lay out to this body my decisions to support it and sign it and vote for it. And I feel...

SPEAKER BARRETT: One minute.

SENATOR R. JOHNSON: ...no compelling feeling that this is an urban versus rural issue at all. I don't think if we were judging issues on that basis that anything would get done in this body if we allowed that to happen. It's just a matter of how we personally feel about this issue and whether we feel it's right for the state to come forward and pay the money, and I guess I'm one that feels that the time has come that we should do that.

SPEAKER BARRETT: Senator Morrissey, on the advancement of the bill. Senator Morrissey. Senator Landis, followed by Senator McFarland.

SENATOR LANDIS: Mr. Speaker, members of the Legislature, I appreciate Frank Korshoj's plain talk, don't think he's capable of dissembling and it's very easy to understand what he means when he talks. The question was, is interest negotiable and, frankly, the answer is yes. How would we do that on General File? I don't have the language to do it on Select File, could talk to you about it, get exactly the right numbers, plug them in to make sure that there was not money for interest. Is that an open subject? Yes, it is. I was touched by Senator Johnson's remarks, soft spoken as they were. I thought they carried a big message. The question that I've got for you, for many of you who have people who have gone through a difficulty like Senator Johnson talked about, a bank that has gone down, been reorganized. You know, it's kind of a truism that FDIC

comes in and at least makes the depositors whole. Now, undoubtedly, it's painful for the rest of the community, but FDIC does come in and honors \$100,000 guarantee. And I think at the heart of some of that resistance to paying Commonwealth is this phrase. They were just a little too greedy. They were just a little too greedy, and you know who we're talking about, it's the depositors. They were out there sharpshooting, getting that extra percent. They didn't have the most prudent choice, could have kept their money in some other kind of institution, moved it to this institution. They did that because they were trying to get their highest interest and they got a little too greedy. I wonder if you've heard that phrase yourselves. I see some of us who are under the eaves where the shadows are a little deeper are nodding, yes. I've certainly heard it myself. They were a little too greedy and that's the phrase you hear. If they had been smarter, they would have kept money where it was safe, but they were out looking for the highest percentage of interest and they got clipped, and it's a shame, but it's their own darned fault. You've heard it and I've heard it and I wonder if that isn't part of the reason this bill hasn't gone anyplace in the last five years. And I suppose in one sense, of course, that person was looking for the highest rate of interest just like you move from a CD to a bank account and into some other guaranteed form of savings, or if you want to take a risk, you jump into the stock market where you know there isn't a guarantee and you try to maximize your results and your return. But in this case people didn't think that they were doing a risky investment. They didn't think they were going to the stock market. They didn't think they were playing the horses. They had an acronym, NDIGC, just like you've got an acronym right now, FDIC, FSLIC, they had an acronym. And by the way, I bet everybody here and all those people who say, gosh, they were a little too greedy are relying on their acronym. I wonder how many Nebraskans have read the FDIC rules. Anybody? Anybody here? Anybody read the rules as far as what FSLIC really is? I doubt it, I doubt it. I doubt if you've seen the statute that creates the guarantee. I doubt if you've read the law. If you've read the law, I'll be surprised. Probably read a brochure, probably read it on the side of something, probably read it at your savings and loan, probably read it at your bank just like the people who walked into Commonwealth read it on the brochure, but they didn't read the law. How many of you have opened up the federal tax code and read the FDIC law?

SPEAKER BARRETT: One minute.

SENATOR LANDIS: I doubt if you have and I doubt if there is a handful of Nebraskans who have. And the people who say they were a little too greedy, they just were out there looking for that half percent and they got clipped because they didn't know their guarantee was not any good. That's right, they didn't know. They weren't a lawyer, they weren't an accountant. They did exactly what you did. They put their faith in an acronym that happened to have Nebraska at the front of it rather than federal. That's all they did and that's the difference that they did. You and I all make the best deal we can for our money, the lowest interest rate on our credit cards and the highest rates that we can for our savings accounts, but we trust, unfortunately, in those acronyms, placing faith in them. The Commonwealth depositors, American Savings depositors, State Security depositors got burnt when they put their faith in an acronym just like every other person in this state but they chose wrong. And now, because they chose wrong, because they didn't read the fine print, like nobody reads the fine print...

SPEAKER BARRETT: Time.

SENATOR LANDIS: ...they're out there to dry. It's time to bring them in.

SPEAKER BARRETT: Senator McFarland, followed by Senator Crosby.

SENATOR MCFARLAND: Thank you, Mr. President, fellow senators, I appreciate the solemnity and the seriousness with which this bill is being debated because it is indeed a serious and solemn bill for the persons and the depositors who have been so negatively affected by the collapse of Commonwealth and State Securities and American Savings. With regard to what the depositors received when they deposited their money at Commonwealth and State Securities, we've talked about a brochure and the brochure is something that I have passed out to you, at least a copy of that. When those depositors at Commonwealth and State Securities went in to deposit their money, they got a brochure that looks something like this and it said, NDIGC, Nebraska Depository Institution Guaranty Corporation, and in the fine print it said, accounts guaranteed to \$30,000. And then if they opened up that brochure, they did some reading, and the reading of the language in the inside cover of that brochure said, this brochure provides examples of the guarantee of accounts by the Nebraska Depository Institution Guaranty

Corporation. The NDIGC is a corporation formed under the laws of the State of Nebraska for the protection of deposits and savings in certain financial institutions in Nebraska. And then in the middle it showed how all of their accounts were insured up to \$30,000 and, in fact, in this one brochure I have it says how a husband and wife and two children may have insured savings totaling \$420,000 if they put it in the various accounts. And then if you read on in this brochure that they received, it said each member institution of the NDIGC must maintain minimum standards which have been established by the corporation for the protection of depositors. It continues, the Nebraska Department of Banking and Finance has standards which each institution must maintain. And then it closes with these words, the corporation and all member institutions are examined by the Department of Banking and Finance of the State of Nebraska. Certainly anyone who came into that institution and looked at this brochure would think that the State of Nebraska was behind that \$30,000 guarantee. I don't think any average citizen or even you or I would go into that institution and not believe that, in fact, if you deposited \$30,000, that that account would be guaranteed and would be reimbursed if something happened as far as insolvency of Commonwealth or State Securities or American Savings. But, of course, we all know the history, we all know what happened at Commonwealth with the fraud and the corruption and the graft that occurred there and we all know how underfunded the NDIGC was. But it seems to me with those assurances that were provided in this type of brochure and also in the assurances that were provided when we passed the law and set up this whole industrial savings and loan system, that we, in fact, made a moral commitment, a moral obligation to cover any losses that would occur as a result of that establishment of that system. Senator Landis mentioned about interest rates. If you look at the handout that I gave you, it lists the interest rates in 1981 according to the Lincoln Star with the various institutions, also in 1983, and if you compare those interest rates, you'll see that Commonwealth Savings and State Security Savings interest rates were not out of line with...

SPEAKER BARRETT: One minute.

SENATOR MCFARLAND: ...with other industrial savings and loans and other institutions in the State of Nebraska and, in fact, there were some that were equivalent to or even surpassed Commonwealth as far as what the interest rates were. So I don't even think you can say that perhaps the Commonwealth depositors

were looking for a higher...a necessarily higher rate of interest and taking a risk at all. In fact, other institutions were offering higher interest rates at that time. And those depositors at those institutions have not lost any money as a result of the collapse. I have a letter that was sent to me recently, I'm sure you've received hundreds of letters from all of the people and depositors at those institutions who have been urging you to vote in favor of this bill. This one talks...is from a Mr. Duel, he lives in New Jersey right now, but he says, over 50 years ago my father became a depositor of State Securities.

SPEAKER BARRETT: Time.

SENATOR MCFARLAND: Through him I invested...he invested money for his children's education, and, of course, they have come up short. I would urge you to reimburse people, like Mr. Duel, and urge you to vote to advance this bill. Thank you.

SPEAKER BARRETT: Senator Crosby, followed by Senators Coordsen and Haberman.

SENATOR CROSBY: Thank you, Mr. Speaker. I yield to Senator Korshoj.

SPEAKER BARRETT: Senator Korshoj.

SENATOR KORSHOJ: Mr. Speaker and members, thank you, Senator Crosby. I want to take up one more time on this interest issue. Nobody is speaking about it, and I think we've got to address it here on the floor. It's roughly, what, 8 or 9 million dollars, Senator Landis? Which is about 20 percent of it. I hate to compare private business with government, because there is nothing similar about them at all. But many, many times I have had to go to court and try to collect money owed me in my business, plus interest. If I get my customer to sign the statement, I can charge him 18 percent interest. If he doesn't sign, I get the statutory amount of 9 percent. I've hardly ever collected a dime of that. When we get to court and they don't have the money, or shortage of it, the judge will say, do you have to have interest? I drop it like it's a hot potato. I think the principal is very important, it's their money and I know the interest could possibly be theirs, but I don't think we should consider the interest. Not enough people are speaking about it. I've heard the same thing, that these people were

greedy. Well, if they're greedy, they got the lesson well. They learned it from the banks and the loan institutions who thrive on greed. You go to a bank, and if you have a little money to deposit, why they try to give you 6 percent, it's a little more now, but you want to borrow, they want 13, 14 percent, too wide of a spread, too wide of a spread, the banks are too greedy. I've always been on the other side of that ledger, paid interest all my life. So I know how important it is that you people get your interest. But I think the most important thing is you get your principal. And I know Senator Landis is willing to talk about that between now and Select File, but I think the body's got to talk about it, that's a big chunk of money. And I think it probably would help a lot of other people make their decision on this bill. Now I will yield the rest of my time to Senator Schimek.

SPEAKER BARRETT: Senator Schimek, about two and a half minutes.

SENATOR SCHIMEK: Thank you, Senator Korshoj and Senator Crosby. Mr. Speaker and members of the body, I am a new senator. I was not here when the debate has taken place in former years. But I would just like to say that from the very beginning, even though I was watching this whole debate from afar, I felt that it was very important that the State of Nebraska meet its obligation. I like what...I like what Senator Korshoj says, I like the way he says it. I think plain talk and common sense should prevail here. I don't think that all the legalistic arguments in the world will solve this problem, and I don't think that in the long run they are what is fair to this problem. I think that we need...we could talk about the legislative studies that have been done, we can talk about unfair withdrawal restrictions, we could talk, talk, talk, talk all day long. But when we come right down to it, the question is the matter of what we feel in our guts and what we feel in our hearts. And I think that this year, as has been talked about before, for the first time in a number of years, we do have the opportunity to do something about this problem. We do have some money that we could take care of this problem, whereas in past years we have been under such tight budget constraints. I ask you, finally, to think about what Senator Rod Johnson said today, because I think that he, more than any of us maybe who have spoken since I've been here this morning at least,...

SPEAKER BARRETT: One minute.

SENATOR SCHIMEK: ...have got to be very believable. Rod Johnson does not have many Commonwealth depositors in his district, if any. And he is taking the broader perspective on the issue. I would hope that other senators who do not live in the Lincoln and Omaha district would take to heart what he says. I think it's very important that people not lose their trust of government at any level, whether it is local, state or national. I would urge you to advance LB 356. Thank you.

SPEAKER BARRETT: Senator Coordsen, please.

SENATOR COORDSEN: Thank you, Mr. President and members of the body. Unlike Senator Korshoj and some of the other members, I probably have about as many depositors, if not more, than some of the Lancaster County districts in the failed institutions, including substantial sums from fairly close relatives. But I do, as Senator Schimek alluded to being a new member of the Legislature, I, too, am a new member of the Legislature in this particular issue. I would like to ask some question of no one in particular, but perhaps some of the subsequent people may address them. And that is that first about the amount, my question is, have all of the assets been sold and the money distributed in the failed institution and those that have been restructured? Is there money that is going to be there yet to settle claims? Senator Wesely mentioned the \$10,000 limit, then the \$30,000 limit. Where did the authority come from to determine what that guarantee might be? As Senator Landis said, how many had read the act. Well, most certainly I make no claim to be an attorney, but I have read the act, I'm very concerned about this issue and I'm very concerned about doing what is right and what is possible. As near as I can tell the corporation itself set the act, and I would love to be...set the amounts, and I would love to be corrected on that, that we, the body of the Legislature, in some way did have a part in that. How do the statutes read in incurring a liability for the State of Nebraska in guaranteeing deposits? I'm well aware of what is the popular perception of the responsibility of the Legislature, because of the inclusion of the word "Nebraska" in the title. But was the corporation set up in the same way that we authorize many other functions of private entities to operate by enabling legislation? In doing so for other areas, we establish basically no pecuniary liability, financial liability for the operations of this...these corporations. My final question would be that it's been a personal opinion of mine, again, since being closely associated, and I've seen all of the letters that

have been sent out by the receivers, by the various institutions, is the Legislature perpetrating a hoax upon the depositors of these failed institutions or the restructured institutions? Is the Governor, whoever that might be at the time this is settled, going to be required, required to ask for a judgment from the Supreme Court as to the constitutionality of whatever appropriation we might make this morning, that we could give a false, or might make, with the adoption of this bill, irregardless of what we do this morning, are we giving hope where perhaps none exists? These are questions, I have no statements on this issue, I'm very interested and I'm looking for some sense of direction that this body does what is right. If I have any time left, I would give it to Senator Scofield.

SPEAKER BARRETT: Senator Scofield, one minute.

SENATOR SCOFIELD: Thank you, Mr. Speaker and members. Thank you, Senator Coordsen. I asked Senator Coordsen to give me a little time because I didn't know if I was going to get there, far down the list as I am. But I feel a need to explain to my constituents why I'm going to vote to advance this bill today, there are only eight of them who are Commonwealth losers, so to speak, and I don't know if there was any impact from the other two institutions or not. Their concerns are the same as the others I've heard out here. One, can you afford it; and, number two, weren't those people taking too much of a risk; and the attitude Senator Landis mentioned, about, well, you bums wouldn't be there if we ever needed you out west anyway, is very prevalent in western Nebraska. I have some serious concerns in this state sometimes about our regulatory processes. I think this is a very important statement that's been made here today by Senator Landis and Senator Warner, and I hope Senator Landis sticks around, I don't have any doubt about Senator Warner being here forever, but I hope Senator Landis has that longevity. We're making a judgment about the competency of the regulatory process with regard to Commonwealth. We're making a statement today about what our expectations are as far as high quality of regulatory behavior on the parts of state agencies. And we're making a promise that we're going to reimburse the public when they are the losers as the result of incompetent...

SPEAKER BARRETT: Time.

SENATOR SCOFIELD: ...state regulation. And I'm going to support this out of concern that I have for a number of other

issues that I think that promise is very important. Thank you.

SPEAKER BARRETT: Thank you. Senator Langford, followed by Senator Chambers, Senator Elmer, Senator Labedz and Senator Hefner.

SENATOR LANGFORD: Mr. President, colleagues, I would like someone to tell me what I'm going to say to the farmers in my area who, during this time, lost their business or lost their whole farm, lost their land, lost their cattle, and they say, whose going to pay me back. Then we have businesses in small towns who went belly up during this time. Those people lost everything they had and they say, will the Legislature pay me back. People in our part of the country had a very difficult time during the last few years when money was tight, times were tough. I, in all conscience, have been thinking very seriously about this issue. Do we, as the state, have an obligation? Do the people that I'm talking about, do they have an obligation to pay the bill back for the depositors? Then I have one question I really would like the answer for, and that is, if this money is paid, will the state take over the...whatever is left in the receivership? It certainly would be their right to do so. Has anyone given any thought to this matter? I'm sure there's land and some other things that might bring in revenue later on. Maybe Senator Landis, could you answer that question.

SPEAKER BARRETT: Senator Landis.

SENATOR LANDIS: I think the question is, does the state take ownership of whatever remaining assets these institutions may have.

SENATOR LANGFORD: That's right.

SENATOR LANDIS: My answer to that question is no, they do not. And I'll check on that answer, but that's off the top of my head.

SENATOR LANGFORD: Well, why wouldn't they, if your bill pays back the investments that were made by the people and your bill also includes interest. I wonder why the state wouldn't take over all the assets that are left.

SENATOR LANDIS: You can answer me a question. If you want to make your argument, is that...

SENATOR LANGFORD: Yes, yes.

SENATOR LANDIS: Is that a question or (interruption)...

SENATOR LANGFORD: No, no, no, I'm asking.

SENATOR LANDIS: Remember that there is a body of shareholders who have some interest and there is a body of depositors who have more than the guaranteed amount. The sum total of compensation here would not effectuate a closing of all...would not effectuate the closing out of all the books on all the obligations. The depositors do not own the institution, the shareholders do. The depositors are being made whole. Just as in the case of FDIC, successor institutions take them over, or they are propped back up with capital reinvestment. The federal government does not take over FDIC rejuvenated banks. This is a form of guarantee for deposits, but not for the shares that are owned by the company, nor in this case does it take care of all the loss, since a good deal of loss will go uncompensated since it was above the \$30,000 amount. The state would not have an equivalent amount of investment for what it would be receiving in return.

SENATOR LANGFORD: Thank you. I'd like to give the rest of my time, please, to Owen Elmer.

SPEAKER BARRETT: Senator Elmer, one minute.

SENATOR ELMER: Thank you, Mr. President. Shouldn't take any longer than that. I have three questions for Senator Landis. Senator Landis, in reading your handout relative to LB 1 for the tort claim in 1985, in the first part it describes the appropriation and response to tort claims. And I would assume for that, assume then that the Legislature responded to the courts and appropriated an amount of money that the court themselves had thought was a fair reimbursement. Is that true?

SENATOR LANDIS: No, you've got the horse and cart slightly reversed, and that is to say the court had to approve the settlement, but the court did not recommend that number.

SENATOR ELMER: Okay.

SENATOR LANDIS: That number was of our choosing and your

previous question mischaracterized the origin of the number. But the court did examine and approve the result.

SENATOR ELMER: Thank you. I wasn't here at the time and I wanted to clear that up.

SENATOR LANDIS: Okay.

SENATOR ELMER: Then in the part that you have underscored...

SPEAKER BARRETT: I'm sorry, time is expired.

SENATOR ELMER: Thank you.

SPEAKER BARRETT: I'm sorry. Pleased to take a moment to introduce a very special guest under our south balcony. As guests of Senator Hefner and also Senator Rod Johnson, from Polk, Nebraska, the wife of former Lieutenant Governor and Governor Dwight Burney, Grace Burney. Please stand and be recognized. Thank you very much, Grace, we're glad to have you here. Senator Chambers, additional comments on the advancement of the bill, followed by Senator Labedz.

SENATOR CHAMBERS: Mr. Chairman and members of the Legislature, having been here 19 years and observing the course of debates and what the outcome of a vote probably will be, it seems that the consensus of the body is that this bill should be advanced and that we are going to make a payout. So, with that view in mind, I don't think there is anything else I need to say, except this one comment. We know that there was an attempt, during the time when the original bill passed, to encourage people to invest, to save, or whatever term you want to apply to people giving their money to some financial institution. Since that was adopted as a policy of the state, and there was an affirmative encouragement of people to place their money at risk, the state does have this obligation. And I know we're beginning to repeat, ad nauseam, the same types of things, so I'm not going to say any more at this point.

SPEAKER BARRETT: Thank you. Senator Labedz, followed by Senator Hefner.

SENATOR LABEDZ: Thank you, Mr. President. I rise in favor of the advancement of LB 356. I was especially pleased when Senator Warner said that we should use the available funds that

we have this year to pay off the depositors, especially the fact that we are including all three institutions, which I believe should all be treated fairly. Nineteen eighty-three to 1989 is a very long time for the depositors of Commonwealth to be waiting for their money. I, personally, know what that length of time can do to anyone. As you know, I waited three years for a decision on my part. These depositors have now been waiting for almost six years, and I am so pleased that we rejected the committee amendments and that we'll go on with LB 356. Perhaps later on, on Select File, we can come to some compromise. Thank you very much.

SPEAKER BARRETT: Senator Hefner.

SENATOR HEFNER: Question.

SPEAKER BARRETT: The question has been posed. Do I see five hands? I do. Those in favor of ceasing debate please vote aye, opposed nay. Please record.

CLERK: 26 ayes, 0 nays to cease debate, Mr. President.

SPEAKER BARRETT: Motion prevails. Senator Landis may close.

SENATOR LANDIS: Mr. Speaker, members of the Legislature, I want to answer some technical questions and then yield the rest of my time to Senator Crosby. Have all assets been sold? No, not all assets have been sold. The bill contemplates the book value of those assets in figuring the amounts that are here. But the bill has a provision that says should the assets grow in value, the state would be reimbursed for any money that the growth of assets would create that would be somehow giving them a compensation above the \$30,000 guarantee. The state would get back any money that we appropriated through the growth of assets. So, there are assets, but if they grow we get the money back. Secondly, where did the authority come from to raise the amount from 10 to 30 thousand dollars. The authority was given to the corporation by the state, subject to the approval of our Director of Banking, that authority was given in statute under the NDIGC question. Did the corporation set the amount? Yes, it did, with the approval of our Banking Director. What about the constitutionality for this? We have drafted this legislation with informal discussions with our Attorney General, based on pre-existing court language that allows for this kind of an adjustment. In the event it is unconstitutional, it seems

to me a taxpayer lawsuit would be subject and timely, up until the distribution of the money. You could hold it for that period of time and find out the results from the court. My guess is that they would uphold it. With respect to the question that you have to give a farmer who loses their business, the farmer who loses their business is not in business with the reliance that the State of Nebraska is going to guarantee them a livelihood. But we have done what we can to help with human misery, knowing that the farmers in this state have been through tough times. And those actions have included the \$50 million recognition of Amendment 4 for earnings capacity valuation; secondly, a whole system of billions of dollars for grain price support; third, Initiative 300 that was meant for that; fourth, when agriculturally oriented counties lost their railroad valuation last year, we appropriated \$8 million to assist in those rural counties. We have a federal program of credit guarantees, which are also to the tune of billions of dollars to help farmers have credits. We have passed mediation rules to allow farmers to stay on the land. Effort after effort after effort, without any guarantee, without ever our name being applied to assist people in need, whether they're farmers, or whether they're people on ADC, or whomever they may be, we do that day in, day out as our business. And the answer to the farmer is we are doing for Commonwealth depositors and these depositors the efforts to relieve human misery, just as we have in the rural sector. I'll release the last of my time to Senator Crosby, whose bill this is the priority designee for.

SENATOR CROSBY: Thank you, Senator Landis. You said that very well. And I thank everyone this morning for this wonderful discussion. All the legislators who spoke were straightforward in their hopes and fears for the bill, and I really do appreciate that. What has come through to me I think we all accept and acknowledge, it is a statewide issue. Nebraska and its people are the ones who are involved in LB 356. Whether or not the owners drained the banks isn't the question. These depositors put the money there because they were saving for their retirement, for their college tuition for their children, whatever, maybe they just liked to have the money there, that's a legitimate reason for saving money. So I think that this is our opportunity, as I said before, to live up to Nebraska's word and bring back the faith that we all feel in our State of Nebraska. Just sitting here this morning, one of the things I did was figure up how much \$40 million would be for each one of us if we just...

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SPEAKER BARRETT: One minute.

SENATOR CROSBY: ...took a million and a half, \$26 a person. Well, I suppose we could all go out, each one try and raise that \$26, we could have a bake sale, or maybe an Andy Hardy Big Show, or something like that. But that isn't the way we should do it. We do owe the money because in that line about the institutional security for these deposits, the two words, Nebraska and guaranty were what impressed those people who were depositing there. They knew that they were safe, they hoped they were safe with their money there. So I urge you....One of the things...one of the other things I wanted to mention, I have had letters and phone calls and personal, in passing, visits with people who did not have money in Commonwealth nor any of the other institutions involved who have urged that the Legislature do this and reimburse the depositors. And that makes me feel...

SPEAKER BARRETT: Time has expired.

SENATOR CROSBY: ...that Nebraskans do understand and realize that we all have a share in it. So I urge you, right now, to vote to move LB 356 and make us all feel good today. Thank you.

SPEAKER BARRETT: Thank you. Before the vote is taken, we've had a request for a call of the house. Mr. Clerk, will you clear the board and the question is, shall the house go under call? All in favor vote aye, opposed nay. Record.

CLERK: 25 ayes, 1 nay to go under call, Mr. President.

SPEAKER BARRETT: The house is under call. Members, please return to your seats and record your presence. Unauthorized personnel please leave the floor. Those members outside the Legislative Chamber, please return and record your presence. While waiting, I'm pleased to announce that Senator Beck has some guests in the south balcony, 44 fourth grade students from St. Bernard's School in Omaha. Would you people please stand and take a bow. Thank you, we're glad to have you with us. Senator Moore, record your presence. That's it. Machine vote has been authorized. The question is, shall LB 356 be advanced to E & R Initial. Those in favor vote aye, opposed nay. On the advancement of LB 356. Have you all voted? Senator Landis.

SENATOR LANDIS: (Mike not activated.) ...if we could have a

roll call vote and perhaps a check in before we get to that. I know we're under call.

SPEAKER BARRETT: Thank you. Roll call has been requested. Members are asked to again record their presence. Senators Withem, Labeledz and Lindsay. Thank you. Members, return to your seats for a roll call vote, in reverse order. Shall the bill be advanced? Mr. Clerk.

CLERK: (Roll call vote taken. See pages 1597-98 of the Legislative Journal.) 23 ayes, 16 nays, Mr. President, on the advancement of the bill.

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

CLERK: Mr. President, just one item. I have amendments to be printed by Senator Baack to LB 257. That's all that I have. (See page 1598 of the Legislative Journal.)

SPEAKER BARRETT: Thank you. To the next bill on General File, LB 247.

CLERK: Mr. President, 247 is on General File. The bill was introduced by Senator...

SENATOR WITHEM: We advanced that bill, I'm hoping we advanced that bill.

SPEAKER BARRETT: I'm sorry. Senator Withem, you're correct.

CLERK: Mr. President, LB 588 was a bill introduced by Senator Chambers. (Read title.) The bill was introduced on January 18 of this year, referred to the Government, Military and Veterans Affairs Committee for public hearing. The bill was discussed on March 29 of this year, Mr. President. At that time Senator Labeledz had an amendment to the committee amendments. That amendment was adopted. Senator Smith then moved to reconsider the adoption of that amendment. That reconsideration motion is now pending, Mr. President.

SPEAKER BARRETT: Thank you. Is anyone prepared to handle the reconsideration motion which was filed by Senator Smith? Anyone authorized to handle it? Senator Chambers.

SPEAKER BARRETT: One minute.

SENATOR HALL: ...I. either north or south of Dodge Street, and I think that this would work toward that end so that those individuals can have their voices heard again because there is changes taking place in both sides of that area in the county that we have not had a voice to listen to our concerns, so I strongly support the effort to move to districtwide elections and I would hope that the body would support the reconsideration motion. Thank you, Mr. President.

SPEAKER BARRETT: Thank you. Senator Bernard-Stevens, followed by Senator Labeledz.

SENATOR BERNARD-STEVENS: Thank you, Mr. Speaker, members of the body, I'll be very brief. Sometimes after an emotional vote that you have, that we had on LB 356, it's difficult to make a mental transition and I sense the body is in that transition, particularly with so many people not here right now, I'm sure in the offices listening to the squawk box. So I'm going to try to recap what happened last week to kind of freshen one's memory. First of all, I will be supporting the reconsideration motion and I will be voting against the Labeledz amendment. One of the things that happened last week when this bill came up before the power outage was that there was a lot of confusion on the body as to what exactly the Labeledz amendment did. And during the vote there was considerable discussion in the Chamber about what was happening and immediately after the vote I know of at least two members that said, gee, I didn't realize that part of it, and Senator Smith was one that came up quickly and asked for the...filed a reconsideration motion. Had the power outage not gone out, there were the votes for the defeat of the Labeledz amendment and the votes for Senator Chambers' bill as it was. I have to smile, Senator Labeledz, I've always said that Omaha senators have tremendous power. You were a little bit short on votes and you even got the power to go off on the Legislature and I was truly impressed, I'm impressed by that. But nonetheless, the body was very much confused. One of the things I'd like to at least clarify for the body, at least in my view, is that the Labeledz amendment though very, very well-intended, and I know that they're trying to compromise in what they feel is a compromise. I always get a chuckle out of compromises, the fact of who are compromises between. I've always thought compromises were between the introducer of the bill and those that were against and in the body I find out the compromises is

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LB 46, 84, 145, 157, 231, 231A, 237
356, 379, 410, 414, 418, 587, 588
653, 733

CLERK: Mr. President, I have a reference report referring certain gubernatorial appointees to the appropriate committee for a confirmation hearing.

Senator Conway has amendments to LB 356 to be printed. Senator Conway would like to add his name to LB 84 as co-introducer. That's all that I have, Mr. President.

SPEAKER BARRETT: Thank you. On Senator Withem's motion to adjourn, those in favor...recess, those in favor say aye. Opposed no. Carried, we are recessed until one-thirty.

RECESS

SPEAKER BARRETT PRESIDING

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

SPEAKER BARRETT: Thank you. Back to LB 588. Mr. Clerk, could you bring us up to date as to our position just before recess.

CLERK: Mr. President, I will, if I may read some items for the record initially?

SPEAKER BARRETT: Certainly.

CLERK: Your committee...strike that. A communication to the Clerk from the Governor. (Read communications re: LB 410, LB 414, LB 587, LB 733, LB 157, LB 46, LB 145, LB 231, LB 231A, LB 237, LB 379 and LB 418. See page 1600 of the Legislative Journal.)

Senator Hall has amendments to LB 653 to be printed, Mr. President. (See page 1601 of the Legislative Journal.)

Mr. President, the Legislature left LB 588 this morning and at that time Senator Smith via Senator Chambers had moved to reconsider adoption of Senator Labedz's amendment to the committee amendments. That motion is pending.

SPEAKER BARRETT: Thank you. Back then to the motion to reconsider. Senator Withem, would you care to continue the discussion on the motion to reconsider, Senator Chambers next.

they take a look at their own methods whereby, as Senator Lamb points out, they pit neighbor against neighbor on the bonus bidding, they take a look very seriously at their own management fees, their management expenses, which I think may be just a little bit greater than any professional manager would charge the school children of this state. I think we've raised a number of issues. We're going to be helped, somewhat perhaps, along that same line with a court decision in the future. But that won't be the end of it, that's not going to be the end of it relative to the school lands. And we ought to be better prepared and better informed. It is a major asset, it's a major amount of money, and it is a major responsibility. It should not be addressed lightly, and it won't be. But I think we have served the people of the State of Nebraska and the school children well this afternoon for the hour and a half, or hour and 40 minutes that we debated this issue. And I would enjoy doing it again, and I encourage you all to become much better informed on it in the ensuing five, or six, or seven months before we come back here in January, when we might take another look at it. So, with that, Mr. President, I support the bracket motion and hope that we can move on to other issues.

PRESIDENT: Thank you. The question is, shall the bill be bracketed? All those in favor vote aye, opposed nay. Record, Mr. Clerk, please.

CLERK: 27 ayes, 1 nay, Mr. President, on the adoption of the motion to bracket the bill.

PRESIDENT: The bill is bracketed. Do you have anything for the record, Mr. Clerk?

CLERK: I do, Mr. President. Mr. President, notice of hearing from the Appropriations Committee and from the Health and Human Services Committee.

Attorney General's Opinion addressed to Senator Weihing regarding LB 340. (See pages 1981-83 of the Legislative Journal.)

Amendments to be printed by Senator Landis to LB 356; Senators Withem, Beyer and Hartnett to LB 285; Senator Withem to LB 813. (See page 1983 of the Legislative Journal.)

Mr. President, I have a reference report referring gubernatorial

day one of my priorities and that is not going to be a bill that will be gotten to this year but it dealt with the reimbursement of those people who were investors in the various industrials. And while we will not get to LB 356, if there is not some money set aside, it will never be done and we just know it never be done. And this is the opportunity, it seems to me to reserve that money should the Legislature decide next session on 356 that that's the appropriate thing to do, there would be funds to cover at least the principal involved in the industrial banks that people lost. It's a goal that some of us at least, have struggled with for a number of years. And I tend to view this as the last opportunity probably in order to do that. Now, obviously, it's tied into a lot of other things. If 40 million is put aside, that also is an investment and 525 that also takes 40 million out of the green sheet. It also means that there will be 40 million of appropriations or revenue reductions or a combination that cannot be done. It also means that should this pass and be signed by the Governor, you would have 40 million that would not be available for overrides because it would have been invested. Now, frankly, I don't think we can afford the overrides anyway whatever level the Governor does on vetoes in order to avoid future economic problems. But, in any event, you should be aware if you do this, you're taking 40 million off the sheet. But I still think, notwithstanding those drawbacks, that it's the prudent thing to do. If there is anything that I have heard and many of you have heard over the last few months is keep some money there, don't spend it all. Everybody knows in Nebraska that if you live here very long that there are some tough times. All you have to do is look at the history of growth in our receipts and while we talk about what they average, which has been up around 4.1 percent, with this year it will be somewhat higher than that, but in every time you look there is about one out of four years in which it almost goes flat even though the average is much higher. And when those flat years hit are the years that we end up in special sessions usually the year after. And we've run about three years now with very good growth and the kind of budget we're looking at potentially in total, along with revenue reductions, you have to expect the next four years not to have one single flat year in receipts. It's unrealistic to assume that and certainly is poor planning. It's the kind of thing that if an individual business does, they get in trouble. In the state, we have had that history three times in the past, as I have indicated this many times, '74, '80 and '84, in which we used surpluses to do a variety of good things and then we immediately hit a flat

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LB 84, 356, 525

over in terms of a surplus to a \$300 million level, unheard of in this state, nearly triple the highest level we have had before and then with the different proposals that we have, big ticket items and in particular LB 84, spending that down so rapidly that we hit bottom. It's a roller coaster ride from the top to the bottom, it's fast, it's furious, it's scary and it can be disastrous if we're not careful. And so I, truly, think that he is making a good point and worth including in this bill. Ultimately, we have the option of amending it further, pulling the bill off of Final Reading and acting on it at that time. I also think, for all those thousands of Commonwealth, State Securities and American Savings depositors, this is their chance and hope and salvation because if you do not allow for this saving of this money, it will dash and crush their hopes and dreams of having some opportunity for relief this session. That bill, LB 356, is languishing probably unavailable for us to consider yet this session and so the only hope for those people is to save and put aside the money. And, again, it isn't necessarily the case that next session we would come back and expend that money because other opportunities may be there, other bills that are also languishing, unable to be attended to and fiscal conditions may change. But if the time is right and the money is still available, hopefully, the Commonwealth depositors would have the chance next session to have relief for their suffering over the years. So, in my estimation, this card ought to be laid on the table and ought to be acted on and ought to be adopted today and give us a chance as we work through the next few days to decide how best we want to proceed, but not adopting the amendment, not acting on the bill, I think would be a mistake. So I would ask your opposition to the bracket motion and support for the Warner amendment.

SPEAKER BARRETT: Thank you. Senator Wehrbein, would you care to discuss the motion to bracket?

SENATOR WEHRBEIN: Yes, Mr. Speaker and members, I would oppose the bracket motion and simply move on with...to consideration of adopting this amendment. I think we need to be considering this now and not putting it off. I keep thinking about...I strongly supported the 50 million the other day and this 40 million still makes a lot of sense to me. I won't go into all of what I said the other day, but I still believe that we have got to keep in mind that in this time of relatively plush resources that we ought to set aside some. I know it's easy, as I drove across Lincoln again last night, as you see the green lawns, the ample

SPEAKER BARRETT: Senator Hall. Senator Schellpeper next.

SENATOR HALL: Thank you, Mr. President. Again, I rise to oppose Senator Warner's amendment to 525 and I do so based on some of the same arguments that have been offered here today and that being that we can't do it all. Senator Warner is very up front in his approach that it is an amendment that will cost probably capital construction more than any other portion of the bills that we have passed should it be adopted. It is very up front that the support for Commonwealth, State Securities and American Savings that was in LB 356 that I happen to be a co-sponsor of and I have been as supportive of paying back those depositors as any Lincoln senator that's served in the body since that tragedy took place, and I will continue to be. But I will do that on its face and not through this amendment. The issue here, I guess, is should we do this or should we do something else? And what's something else? LB 84 is meaningful property tax relief and to argue that you can't support it because it's not sustainable is like saying that, well, we're going to put this money away but we may have to use it. Well, okay, well, then why put it away, why not use it now? Why not just take care of property taxes by saying, local governments, that's your problem, we're not going to deal with it? But yet we, on the same side, on the same hand, say we want to give more state aid. Well, what's the difference? The difference is that property tax relief goes to the taxpayer and that's who ought to receive it in this case and that's what LB 84 does. It will be the first time that we have ever been able to get that accomplished and I think that should be done. Now putting \$40 million aside, although it would allow for, I guess, stability with regard to budgeting, it does not allow for stability with regard to revenue. And if you want to have stability with regard to revenue, the bill you ought to kill is LB 739, because it's got \$24 million in reduction of revenue in one fell swoop and that strikes at the stability with regard to revenue. You also, again, I get back to the issue of saying that revenues are not going to be addressed in the coming years and that we are not going to ever basically look at either exemptions, expansion of the base, rate or bracket increases, depending on which sales or income you're talking about. And I would argue, ladies and gentlemen, that we're going to have to do that. We're going to have to do that because cost to state government is going to continue to go up. It is not going to go down. It's not going to stay flat and we're going to have to

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LB 84, 95, 247, 247A, 250, 250A, 261
261A, 272A, 277, 277A, 290, 283, 303
303A, 312A, 312, 356

emergency clause attached.

CLERK: (Read LB 312A on Final Reading.)

PRESIDENT: Having complied with all provisions of law relative to procedure, the question is, shall LB 312A pass with the emergency clause attached? All those in favor vote aye, opposed nay. Have you all voted? Record, Mr. Clerk, please.

CLERK: (Read record vote as it appears on page 2516 of the Legislative Journal.) 43 ayes, 0 nays, 4 present and not voting, 2 excused and not voting, Mr. President.

PRESIDENT: LB 312A passes with the emergency clause attached. May I introduce some guests in the north balcony, Senator Schmit has 30 third and fourth grade students from Dwight and their teachers. They are from the East Butler Elementary School. Will you folks please stand and be recognized. Thank you for visiting us today. Anything for the record, Mr. Clerk?

CLERK: Mr. President, I do. I have an Attorney General's Opinion. (Re: LB 356, found on pages 2516-2520 of the Legislative Journal.)

I also have an explanation of vote, Mr. President, by Senator Warner. (Re: LB 84, found on page 2520 of the Legislative Journal.) That is all that I have, Mr. President.

PRESIDENT: While the Legislature is in session and capable of transacting business, I propose to sign and do sign, LB 95, LB 247, LB 247A, LB 250, LB 250A, LB 261, LB 261A, LB 277, LB 277A, LB 280, LB 283, LB 303, LB 303A, LB 312 and LB 312A. Are you ready to go on?

CLERK: Yes, I am, Mr. President.

PRESIDENT: We will go on to the General File, LB 272A.

CLERK: Mr. President, 272A is a bill introduced by Senator Landis, it's a bill for an act to appropriate funds to implement the provisions of LB 272.

PRESIDENT: Senator Landis, please.

SENATOR LANDIS: Thank you, Mr. Speaker. LB 272 is the Mortgage

that have been asked have been not of my making, but it would be painful indeed if the Legislature said that amongst all the rest of the claims that we have entertained, and amongst all the groups that we have listened to and have debated repetitively that we would not entertain the Commonwealth depositors making their claim at this moment as well. I understand that there are many of you who do not support the claim of these financial institution depositors. I expect when we get to the underlying motion we'll have a chance to make that moment clear. What I ask from you now is a favor, and that is to grant us the right to place the issue before the body by suspending the rules. Thank you.

SPEAKER BARRETT: Thank you. Senator Beck, would you like to discuss the rule suspension?

SENATOR BECK: No, Mr. President. I would like to, if we do suspend the rules, I would like to speak to the amendment.

SPEAKER BARRETT: Thank you.

SENATOR BECK: In order to do that, do I just leave my light on and wait?

SPEAKER BARRETT: Yes, I'll leave your light on.

SENATOR BECK: Thank you.

SPEAKER BARRETT: Senator Abboud, on the suspension.

SENATOR ABOUD: Yes, Mr. President, colleagues, this has been an issue that has been around for a number of years. When it's around a number of years, we've had a number of votes on it. Most recently we had a vote on it in the form of LB 356, a bill that appropriated \$40 million to the Commonwealth, State Security and American Savings depositors. I have compassion for these individuals, but responsibility comes with this job. If it was an idealistic world, where there was unlimited resources, where there were no obligations nor responsibilities, I would say give the \$40 million to these individuals. But that is not the case. Forty million dollars is not a small item, it's a major budgetary consideration on our part. And as much as I would like to say let's look at this in a vacuum, that will not be the case. The Legislature has spoken on this issue. Unfortunately, some of the depositors have not listened. We've

agreement, outside of the \$20.5 million figure that we had talked about some years ago. At that time, we weren't really sure of the extent of the losses. The losses were greater than we thought they would be. So it's not fair to say that the Commonwealth depositors got their money, now they're coming back for more. They didn't, they didn't get their money, they got much less than they had hoped for and it's only fair and right that they come back. To treat them fair and the other depositors fair you need to return all of their deposits, all of their investment that they lost. So I think it's simply inappropriate to try and characterize the Commonwealth people as coming back, coming back, and if we give them this, they'll come back for more. That's not the case. If we can deal with this issue, deal with this amendment, pass this bill, we'll be done. I promise, as a strong supporter of the Commonwealth, State Securities people, I won't be back again. The interest will have to be lost. It will be something we just give up in the process. It's a substantial amount of money that these people have lost in interest, but if we can at least get their principal back, the issue will be gone as far as I'm concerned and I think as far as the other co-sponsors will be gone (sic), we will be done with it, it will be over, we won't come back every year, and we can finally rectify the wrong that has been done to these people and justice will be served. I really believe that, and I hope you'll help us with that. I also hope you'll have a chance to read the Attorney General's Opinion as you consider this. I'm going to quote from that. This is Attorney General Spire, I believe the courts would agree with the Legislature, there can be no more important public purpose than public confidence in government, and the public confidence in government is directly involved here. Through LB 356, the Nebraska Legislature is making a good faith effort to address the situation which has seriously eroded confidence in state government. In LB 356, the Legislature clearly describes the circumstances and public purpose it is addressing based upon those circumstances. In my judgment the courts would uphold the action of the Legislature here as a fulfillment of an appropriate public purpose as identified and described by the elected representatives of the citizens of Nebraska. In other words, it is the right and just thing to uphold public confidence in government, and public confidence in government was eroded by making a promise that wasn't kept, by saying there was a guaranty that we didn't fulfill, by not returning the people their deposits which we told them the state would back. So I would ask you to help us suspend the rules, consider this

amendment addresses what may be the worthiest of all the projects that we've encountered this session. I just wish that we could have encountered it sooner. At any rate, over and over again I've tried to narrow my priority list, keeping the taxpayers always in mind because the same elderly who have not received their funds are also taxpayers. I have American Savings depositors in my home district, and I've sent detailed questionnaires to each of those people that I could identify. We need to remember that American Savings depositors and State Security depositors have received no state funds whatsoever. Now many of those questionnaires that I sent out have come in, and over one-half of those questionnaires that have been returned have comments to the effect that although they have not received their money, and they want their money, and would I please do what I can to get them their money, and I want to do that. Most of my depositors have received from 25 to 40 percent of their investment, not...over 70 percent of some of the supporters of LB 356 have stated these folks are concerned about the taxpayers. They don't know if the taxpayers should pick up the tab, and I'm just reading you their comment. They realize who will pay the cost will be themselves. Now Senator Scofield and Senator Pirsch said early in the season, and certainly Senator Hannibal has said in the middle of the season, and Senator Wehrbein and Senator Warner and the people around me have said now at the end of the season pick carefully what you want to support and what are your priorities. So I chose teachers' pay, and that's 40 million, and I chose property tax relief, and that's 98.2 million, and then I chose the income tax reduction and that will cut out 18 million, and then I decided to choose state aid to schools, and that's 18 million, and that is more money than I've ever seen in my entire life. I don't want to jeopardize the income tax reduction, and I'm afraid that that may happen, or that LB 84 will be jeopardized, or perhaps any of a number of things that Senator Bernard-Stevens was so good to mention to us. When we first voted on LB 356 I chose to be present and not voting because even then my heart said...

SPEAKER BARRETT: One minute.

SENATOR BECK: ...yes to the American Savings and State Securities and even to the Commonwealth, but I wanted more information. And now I have it and my heart still says yes, but my head has to say no. I think that what we need to do is to make this bill a priority at the beginning of the session, the very beginning rather than at this point. And I could support

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LB 356, 1055

SENATOR CHAMBERS: So we have a situation where the churches and the schools engage in conduct which they don't want the children to engage in or, in other words, they don't want the children to follow the example that they are laying out for them by their own gambling?

SENATOR HALL: I don't think that is quite accurate. That doesn't carry with your other question. Your other question to me was do they encourage gambling.

SENATOR CHAMBERS: Okay, let me rephrase the question.

SENATOR HALL: Okay.

SENATOR CHAMBERS: Do the churches and the schools want the children to follow their example and gamble?

PRESIDENT: One minute.

SENATOR HALL: Oh, I don't think so. I think they, in this case they offer bingo, they offer pickles as a way to raise revenue to allow that greater good, that benefit to society, in the case, the example you give, a parochial school or a private school opportunity that otherwise probably wouldn't be able to exist.

SENATOR CHAMBERS: And because my time is so close to running out, I am going to put my light on again, Mr. Chairman, and relinquish what few seconds I may have.

SENATOR HALL: If I could just use the seconds, the answer to your question, Senator Chambers, is 65 to 80 percent is the winning and it usually runs between 75 and 78 is what the payout is.

PRESIDENT: Thank you. Senator Nelson, please, followed by Senator Schmit.

SENATOR NELSON: Mr. Speaker, members of the body, I, too, naturally, am interested in all portions of the bill, and I, and like maybe Senator Chambers here or, in essence, Senator Hall, I also am like Senator Landis, I have not supported I believe it was LB 356 and yet I look at it as this is something that we have now and it has been a means of support of some of the