

January 18, 1989

LB 53, 57, 123, 537-597  
LR 8-12

Mr. President, new bill. (LBs 537-538. Read for the first time by title. See page 268 of the Legislative Journal.)

**SPEAKER BARRETT PRESIDING**

**SPEAKER BARRETT:** The Chair is pleased to announce that Senator Jacklyn Smith of Hastings has visiting the Legislature today Dr. Robert Schlock and 20 students from Hastings College, specifically, psychology and law class, in the east balcony, the rear balcony. Dr. Schlock, would you and your students please stand and be recognized by your Legislature. Thank you. We are pleased to have you visiting with us today. Also under the north balcony from David City High School, Senator Schmit announces the following guests, 8 students from David City High School with their teacher. Would you folks please stand and be recognized. Thank you for visiting. We are glad to have you. Mr. Clerk, more bill introductions, please.

**CLERK:** Mr. President, first of all, your Committee on Urban Affairs, whose Chair is Senator Hartnett, to whom was referred LB 53, instructs me to report the same back to the Legislature with the recommendation that it be advanced to General File; LB 57 General File; LB 123 General File, all signed by Senator Hartnett as Chair of the committee.

Mr. President, new bills. (LBs 539-557 read for the first time by title. See pages 269-72 the Legislative Journal.)

**SENATOR HEFNER PRESIDING**

**SENATOR HEFNER:** Mr. Clerk, do you have some more bills to introduce?

**ASSISTANT CLERK:** Yes, I do, Mr. President. (LBs 558-593 read for the first time by title. See pages 273-81 of the Legislative Journal.)

**SENATOR HEFNER:** Do you want to read the bills into the record?

**CLERK:** Yes, Mr. President, thank you. (LBs 594-597 read for the first time by title. See page 281 of the Legislative Journal.)

Mr. President, in addition to those items, I have new resolutions. (Read a brief explanation of LRs 8-12. See

February 23, 1989      LB 114, 129, 183A, 221, 342, 357, 545  
577, 640, 695  
LR 37

General File with amendments, LB 577 General File with amendments, those signed by Senator Landis as Chair. (See pages 848-49 of the Legislative Journal.)

Government, Military and Veterans Affairs reports LB 545 to General File with amendments, LB 640 General File with amendments, those signed by Senator Baack as Chair. Transportation Committee reports LB 129 to General File, LB 695 to General File, those signed by Senator Lamb as Chair. (See pages 853-55 of the Legislative Journal.)

Mr. President, I have a report and a motion by the Appropriations Committee regarding the Nebraska Energy Settlement Fund. That report is filed pursuant to statute.

Mr. President, your Enrolling Clerk has presented to the Governor bills read on Final Reading this morning as of 10:00 a.m. (Re: LB 342, LB 114, LB 221.)

A new A bill, LB 183A by Senator Baack. (Read for the first time by title.) A new resolution, LR 37 by Senator Korshoj. (Read brief explanation.) That will be laid over, Mr. President. (See pages 857-58 of the Legislative Journal.) That is all that I have at this time, Mr. President.

SPEAKER BARRETT: Mr. Clerk, proceed to General File, LB 357.

CLERK: LB 357, Mr. President, introduced by Senators Nelson, Smith, Schellpeper, Coordsen. (Read title.) The bill was introduced on January 11, referred to the Education Committee. The bill was advanced to General File, Mr. President. The Legislature on February 8 considered the bill. At that time committee amendments were adopted. There was an amendment to the bill by Senator Nelson. That was adopted. Mr. President, Senator Withem then bracketed the motion until February 22. I do have amendments pending, Mr. President.

SPEAKER BARRETT: Senator Nelson, I wonder if perhaps we could go to you first for a very short refresher on the bill to bring us up to speed. Would you do that, please?

SENATOR NELSON: Thank you. I would be pleased to do so. As it was noted, LB 357 was bracketed when it was brought to us about a week ago, and we finally, I guess, got to it today. There were two main concerns. Actually, first, I will start and tell

of the things that we have found in study after study in this state, that we have a lack of this sort of capital available in Nebraska. Studies start back in 1983 with a task force on small business equity financing. The report was called Equity Capital for Nebraska Small Businesses and they found, and I won't read through all these but they did find a need for additional financing for small business. In 1983 again, another task force on state public pension fund investment, looked at a report that called for the investment of Nebraska Public Pension Funds and talked about the idea of utilizing some of these pension funds in this manner. The 1986, another study resulted in a report, the model for the Nebraska Statewide Risk Capital System which again suggested we look at the pension fund system and the potential it has for assisting in our capital needs. The new seeds study, Strategies for Building the Next Economy, 1987, referenced this need as well and the New Horizons study in 1988, State for All Ages Report talked about the need to study this concept that it was necessary to be reviewed by the Legislature. So study after study has recognized an issue and have made some recommendations on those issues. What we've done in this state in response, and I have a number of bills pending, is to try and find a way to flow capital back into the state, so with that capital we can take those ideas, take those potential products and services and turn them into reality. The first stage of any concept being developed as new businesses is what is usually referred to as seed capital and there we have a very high risk involved. Seed capital is when somebody has an idea, but really is just getting started and most individuals feel the private sector is where we need to make those decisions and there is a bill, LB 577, that is pending that is likely to come up this session that would provide incentives to the private sector to meet the need of seed capital, that initial stage of capital needs. The second stage of capital needs is for research and development. After you've taken the idea and developed it to a point where you know that there is some viability, then you need to research it further, develop it. And the R & D stage is where we have developed the R & D Authority and there we put in \$2 million a year to provide assistance in this capital need. The next stage after you've done the research and development can be referred to as mezzanine financing and it is at that stage that we find a gap that needs to be addressed that the pension funds can enter into. This mezzanine financing was identified by the Investment Council as a need for the state and as a potential high return also for investment. The Investment Council looked at this whole issue and found recommendations

March 12, 1990

LB 577, 989, 1031, 1221  
LR 239A

Mr. President, amendments to be printed. Senator Schmit to LB 1031; Senator Warner to LB 1031; Senator Wesely to LB 577; Senator Wesely to LB 989; Senator Withem to LB 1221; Senator McFarland to LR 239A. That's all that I have, Mr. President. (See pages 1312-17 of the Legislative Journal.)

SPEAKER BARRETT: Thank you. The next item on 1031.

CLERK: Mr. President, the next amendment I have to the bill is by Senator Coordsen and a number of members. Senator, I believe this is the...this is AM2979, Senator. (The Coordsen, et al, amendment appears on pages 1318-19 of the Legislative Journal.)

SPEAKER BARRETT: The Chair recognizes Senator Coordsen.

SENATOR COORDSEN: Thank you, Mr. Speaker, and members of the body, I distributed a copy of this amendment to members of the body, and if you're interested, I think we could better explain it if we followed along in the committee amendment 2659. This bill relates to an increase in funding for the mental retardation areas of the State of Nebraska to enable them to continue to serve those people who are currently on the list. We will begin then on page 25 of the committee amendment and that's in the community mental retardation program, Program 424. Should this amendment be adopted, the first part of the amendment to the Standing Committee amendments, and this...I'm holding in my hand 2979 which you should all have, would increase the total funding from the General Fund from what is recommended by the Appropriations Committee of \$23,498,454. It would increase that \$2,225,124. And where would the money go? The first thing before we get into the money is that if we'll turn to page 26, on the intent language as to how the money would be used, the amendment that I am proposing would change the intent language on line 13, page 26, to read, "It is the intent of the Legislature that the Department of Public Institutions provide state aid for community-based mental retardation service pursuant to" and "individual" would be stricken, on to read, "client service contracts beginning in FY'90-91." Then "Client eligibility for" is stricken, "Funding for services in community-based programs shall require the prior approval of the department" and at that point we insert, "for clients enrolled after January 1, 1990"; then we go on to read, "The department may withhold funds" and we strike beginning with the word "any" in line 20, "may withhold funds for client services when the services provided do not meet minimum

SENATOR WESELY: Thank you. Mr. President and members, I, too, rise in support of LB 1241, a piece of legislation that I've had a great deal of interest in and very much commend Senator Chambers for his initiative in working on this problem. I want to tell you a little bit about how this meshes in with a bigger issue and a bigger proposal that we hope eventually to bring to this body. The concept embodied here is to go to the Research and Development Authority that now gets something like \$2 million a year, add another million dollars to that \$2 million base and give that \$1 million specifically to north Omaha, in addition providing a 40 percent tax credit to allow for private investment into that area of the city. Now I think that combination of state public funds and private investment will have a great benefit to that area of Omaha, an area that I think we all recognize has got particular problems, specific needs and a much higher concern among many of us than any other area of the state. I want to also emphasize the concerns that we find in north Omaha are concerns that we find in many areas of the state particularly our rural areas of the state. LB 775 and the breaks provided for under that piece of legislation have been very beneficial to the 200 some companies that applied for those tax advantages and primarily those companies have been in Omaha and some in Lincoln and, of course, across the state in some areas. But what we found is that that did not solve the economic problems of many areas of the state. North Omaha was not benefitted by that legislation and that was testified to at the hearing that we had on this bill, that north Omaha got missed in that revitalization of the economy of Omaha that 775 some people feel was responsible for. So north Omaha was left behind, also rural Nebraska in large part was left behind and so there is another piece of legislation, LB 577 that deals with venture capital that would provide a 25 percent credit that would apply outside of the Douglas County area, that would, in fact, mirror a great deal of the sort of benefits that LB 1241 provides. And so hopefully the Speaker and I have discussed the possibility of special ordering that legislation. If you combine those two pieces of legislation, you will do a great deal to achieve the sort of goals we have for universal economic revitalization in this state, and the whole concept is this. We have a capital problem that we have ideas, we have businesses that want to expand and grow, we have concepts and services and products that could be marketed but we don't have the resources to do that. And if we can target those resources as this bill does to north Omaha, if we can bring in the capital into the

April 5, 1990

LB 315, 369, 369A, 551, 551A, 577, 920  
931, 953, 980, 980A, 994, 994A, 1018  
1043, 1063, 1063A, 1090, 1090A, 1241

year. Senator Chambers and Senator Bernard-Stevens, no doubt, will fight that change in the rules but, hopefully, there will be enough of us here and, as far as I'm concerned, they can filibuster that till the end of the session starting in January, but that's exactly what should be done.

PRESIDENT: One minute.

SENATOR LABEDZ: Thank you, Mr. President.

PRESIDENT: Thank you. While the Legislature is in session and capable of transacting business, I propose to sign and do sign LB 980, LB 980A, LB 994, LB 994A, LB 1043, LB 953, LB 369, LB 369A, LB 1018, LB 1090, LB 1090A, LB 315, LB 551, LB 551A, LB 920, LB 931, LB 1063 and LB 1063A. Senator Wesely, please, followed by Senator Langford.

SENATOR WESELY: Thank you, Mr. President and members, I would rise in opposition to the bracket motion and give you a little history on...that hasn't come out yet on this bill and let you know why I do support it. This bill came in after I had introduced a bill on venture capital last year, Venture Capital Company Act. We were looking at this concept of providing incentives for investment in the state across Nebraska at a 25 percent credit level and with a number of other restrictions with the idea that what we're having across the state is a need for capital, a need for venture capital in particular, and a number of studies have indicated that. The Banking Committee worked with me and we did put out LB 577 to accomplish that goal. Senator Chambers then came in with LB 1241 which was a bill that he worked with with the administration and it tied in conceptually with what that other bill was. So, originally, what we did in the Banking Committee was we merged, with Senator Chambers' cooperation, LB 577 and LB 1241 so that the whole State of Nebraska would be benefiting from venture capital initiative. And this compromise that was reached in the Banking Committee was one that I was very excited about and appreciated very much Senator Chambers' cooperation. But what's odd is that after we reached this compromise and the committee advanced the bill as amended, then Deb Thomas from the Governor's office came in after the deadline for picking priority bills and told Senator Chambers that the Governor could not tolerate the additional coverage of the whole state, that she wanted only north Omaha to be the focus of the bill. And, of course, I was not happy with that situation and felt that I had not been dealt

with fairly. But we did go to the Speaker to have LB 577 picked as a Speaker priority and he did agree to do that and so I felt like the issue on a statewide basis would be addressed. Unfortunately, the Speaker's list that included LB 577, 577 got dropped off so it never was officially picked as a Speaker priority, so the next thing was to have it special ordered. Well, we never got around to special ordering it. So, lost in the shuffle of this year's bills is LB 577 which would take the concept embodied by LB 1241 and expand it statewide and attempt to help rural and urban cities and areas across the State of Nebraska. Now I still feel, however, despite the fact that this is focused into north Omaha, does not have the ability to help the whole state, that we need to do this because we can do the other next year. It looks like that's our only option. But it's unfortunate that we weren't able to do it this year because of the objections from Governor Orr and her administration not wanting to have this bill expanded. I still don't understand why that is but that's what caused the problem. But, nevertheless, this bill could mesh neatly with that concept that we could have this legislation help north Omaha target assistance and benefit that area of the state and then take that concept and move it across the state next year, and I think it works quite well. So I happen to believe in this concept, that I happen to believe that north Omaha particularly needs assistance and if they're first to get it, that's okay with me because they're usually the last to get help in so many other ways. At the hearing that we had on the bill, we asked...we asked the individuals who came in from north Omaha about the benefits of LB 775 and all the things that it had done for Omaha. We had the impression that Omaha had benefited greatly from that legislation. And what they said was, no, north Omaha, in one person's quote, would be no way, we got nothing out of that bill, that it was beneficial to some areas of Omaha but north Omaha really did not see much benefit out of LB 775 and so they were back asking for this type of assistance, targeted to their area of the city. And it became quite apparent that that was, in fact, the case that they had been forgotten or left behind and the renaissance of the recovery that Omaha's economy had experienced had not been universal, had missed north Omaha.

PRESIDENT: One minute.

SENATOR WESELY: So, in my estimation, we've passed 775 and we passed other legislation and it seems to have bypassed this area of Omaha and a lot of the rest of the state has been bypassed as