

January 19, 1989

LB 94, 247, 570, 576, 683-808

as yet, please contact Joanne immediately. If you don't have the bill that you are expecting, please contact the Bill Drafters Office immediately. Mr. Clerk.

CLERK: Mr. President, for the record, I have received a reference report referring LBs 496-599 including resolutions 8-12, all of which are constitutional amendments.

Mr. President, your Committee on Banking, Commerce and Insurance to whom we referred LB 94 instructs me to report the same back to the Legislature with the recommendation that it be advanced to General File with amendments attached. (See pages 320-21 of the Legislative Journal.)

Mr. President, I have hearing notices from the Judiciary Committee signed by Senator Chizek as Chair, and a second hearing notice from Judiciary as well as a third hearing notice from Judiciary, all signed by Senator Chizek.

Mr. President, new bills. (Read LBs 683-726 by title for the first time. See pages 321-30 of the Legislative Journal.)

Mr. President, a request to add names, Senator Korshoj to LB 570, Senator Smith to LB 576, Senator Baack to 570 and Senator Barrett to LB 247.

SPEAKER BARRETT: Stand at ease.

EASE

SPEAKER BARRETT: More bills, Mr. Clerk.

ASSISTANT CLERK: Thank you, Mr. President. (Read LBs 727-776 by title for the first time. See pages 331-42 of the Legislative Journal.)

EASE

SPEAKER BARRETT: More bill introductions.

ASSISTANT CLERK: Thank you, Mr. President. (Read LBs 777-808 by title for the first time. See pages 343-50 of the Legislative Journal.)

CLERK: Mr. President, I have reports. Your Committee on

February 27, 1989

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

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

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

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

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

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

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

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

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

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

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

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

March 13, 1989

LB 95, 140, 257, 280, 289, 311, 330
336, 387, 395, 438, 444, 478, 561
588, 603, 606, 643, 683, 705, 710
721, 736, 739, 744, 761, 762, 767
769, 780, 807

indefinitely postponed; LB 478, indefinitely postponed; LB 561, indefinitely postponed; LB 387, indefinitely postponed, all those signed by Senator Chizek as Chair of the Judiciary Committee. (See pages 1081-82 of the Legislative Journal. Journal page 1082 shows LB 721 as indefinitely postponed.)

Mr. President, a series of priority bill designations. Senator Hall would like to designate LB 762 as a committee priority. Senator Hartnett designates LB 95 and LB 444 as Urban Affairs priority bills. Senator Hartnett chooses LB 603 as his personal priority bill. LB 739 has been selected by Senator Hannibal; LB 606 by Senator Schimek; LB 761 and LB 289 by the Natural Resources Committee, and LB 807 by Senator Schmit, personally. LB 769 by Senator Labedz; LB 705 by Senator Ashford; LB 438 by Senator Wehrbein; LB 710 by Senator Scofield; LB 643 by Senator Bernard-Stevens; LB 588 by Senator Chambers; LB 739 by Senator Hannibal; LB 330 by Senator Pirsch; LB 767 by Senator Smith; LB 736 and LB 780 by General Affairs Committee; LB 395 by Senator Peterson. Senator Lamb selected Transportation Committee's LB 280 as a priority bill. LB 311 has been selected by Senator Landis as his personal priority bill; LB 683 by Senator Schellpeper.

Mr. President, I have a series of amendments to be printed. LB 744 by Senator Withem; LB 336 and LB 257, those by Senator Withem. (See pages 1083-88 of the Legislative Journal.)

I have an Attorney General's Opinion addressed to Senator Haberman regarding an issue raised by Senator Haberman. (See pages 1088-90 of the Legislative Journal.)

Mr. President, Natural Resources Committee will have an Executive Session at eleven-fifteen in the senate lounge, and the Banking Committee will have an Executive Session at eleven o'clock in the senate lounge. Banking at eleven o'clock, Natural Resources at eleven-fifteen. That's all that I have, Mr. President.

SPEAKER BARRETT: Thank you, Mr. Clerk. Proceeding then to Select File, LB 140.

CLERK: Mr. President, 140 is on Select File. Mr. President, the bill has been considered on Select File. On March 2nd the Enrollment and Review amendments were adopted. There was an amendment to the bill by Senator Chizek that was adopted.

March 28, 1989

LB 335A, 705

SPEAKER BARRETT: Thank you. To the first bill, Mr. Clerk, LB 335A.

CLERK: Mr. President, 335A is on General File. It was introduced by Senator Korshoj. (Title read.) I have no amendments to the bill, Mr. President.

SPEAKER BARRETT: Senator Korshoj, would you handle the A bill, please?

SENATOR KORSHOJ: Mr. Speaker and members, I move the A bill forward with the bill. Thank you.

SPEAKER BARRETT: Thank you. Any discussion? Any discussion? If not, those in favor of advancing LB 335A please vote aye, opposed nay. On the advancement of 335A, have you all voted? Please record.

CLERK: 26 ayes, 0 nays, Mr. President, on the advancement of LB 335A.

SPEAKER BARRETT: LB 335A is advanced. LB 705.

CLERK: Mr. President, 705 was a bill that was introduced by Senators Lindsay and Hall. (Title read.) The bill was introduced on January 19, referred to the Revenue Committee. The bill was advanced to General File. I have no amendments to the bill, I have committee amendments pending to the bill, Mr. President, excuse me.

SPEAKER BARRETT: Senator Hall, on the committee amendments.

SENATOR HALL: Thank you, Mr. President and members. The committee amendments, as the Clerk pointed out, are on the bill. All they do is add an effective date of July 1, 1989. The purposes for that is so that it clarifies at what point in time the exemption would take place. I would urge the adoption of the committee amendments.

SPEAKER BARRETT: Is there discussion? If not, those in favor of the adoption of the committee amendments to 705 please vote aye, opposed nay. Record, please.

CLERK: 26 ayes, 0 nays on adoption of committee amendments,

Mr. President.

SPEAKER BARRETT: The committee amendments are adopted. To the bill, Senator Lindsay, will you handle?

SENATOR LINDSAY: Thank you, Mr. President, members of the body, LB 705 which I have introduced along with Senator Hall would exempt purchases of art, fine art, by nonprofit fine art museums from the Nebraska state sales tax, excuse me, sales and use tax. Currently, Nebraska is the only state in the country that imposes a sales tax on these types of purchases. Other states have recognized the value of fine arts to their states and have exempted those particular institutions from the payment for that type of art. This bill is a narrowly defined bill. It applies, with this definition, it applies to the Joslyn Art Museum in Omaha and the Sheldon Art Gallery here in Lincoln. For the record, the Sheldon Gallery I believe is already exempt because of its state ownership. The purpose of the bill, or what I guess the reason the bill was brought deals with Joslyn having purchased a collection of art work. I'll give you a little background on that. That collection was purchased from the Enron Foundation, I believe. At the time Enron left Omaha and moved down to Houston, they asked that that collection which had been displayed at Joslyn for several years be either purchased or the foundation would sell it. Joslyn chose to purchase one of the two collections, arts collections, that being what is known as the Miller collection and has started to make payments on that. It is intended to be paid for over a five-year period. The first of the four payments including sales tax has already been paid by Joslyn. This bill would exempt those final four installments from the purchase, or those final four installments from the sales tax. The cost on that to the state would be over the course of the entire four installments would be approximately \$200,000. With the exception of this particular purchase of art by Joslyn, Joslyn has not made a great deal of other expenditures. It is not going to have an enormous fiscal impact on the state with that exception. Over the other years, for example, Joslyn spent about \$150,000 for art purchases in 1988. That was their total expenditure. And expects to spend in 1989 approximately \$60,000. So with that exception of that one collection we are not talking about an enormous fiscal impact. It is, of course, important, the fine arts are important to the State of Nebraska and not just to the Omaha area. Joslyn, as I'm sure many of you are aware, does have programs which extend throughout the state. The outward bound

Nebraska project trains teachers from throughout the states, or throughout Nebraska, brings them in for a week to ten days to teach them about the arts and they can take this back out and include this in their curriculum and teach that to their students. And approximately 1,250 teachers from throughout the state have attended this program. Additionally, Joslyn has the outreach, their outreach trunks program which provides teaching kits to, again, to teachers throughout the state, schools throughout the state which includes some of their reproductions of their exhibits, of famous art exhibits, includes brochures, film, et cetera, that teachers can use to include in their curriculum for the benefit of the students.

SPEAKER BARRETT: Senator Lindsay, excuse me. (Gavel.) The house is not in order. Proceed.

SENATOR LINDSAY: It might be better, Mr. Speaker, if people didn't listen to me. (laughter) As I was mentioning, the Joslyn does have an impact throughout the state with the programs that it uses to provide these educational opportunities to students from all over Nebraska. Joslyn does...it also has approximately, oh, last year's attendance was 127,000 people not just from the Omaha area, but from throughout the region, from greater Nebraska and from other parts of the Midwest. The particular collection that we're talking about is considered to be one of the finest collections of western art in the country. Joslyn is known for that collection. One of the problems that the benefactors of Joslyn have run into is that they are attempting to raise the \$4.5 million through private donations, from foundation donations to finance the purchase of the art collection. It's difficult though to ask people to donate for purposes of a sales tax. It does pose an impediment to the purchase by Joslyn. I would also point out that on the committee amendments corrected what was one of the problems in the bill, that is that the fiscal note showed a cost to the state of \$31,000 for printing because the operative date for printing, data processing, mailing, et cetera, the new regs, because of the operative date of the bill, that has been corrected by the committee amendments. So that fiscal note is reduced a bit. With that, I would urge the body to advance LB 705 to Select.

SPEAKER BARRETT: Thank you, sir. Amendment on the desk.

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

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bill. (Haberman amendment appears on page 1374 of the Legislative Journal.)

SPEAKER BARRETT: Senator Haberman.

SENATOR HABERMAN: Is this on the amendment?

SPEAKER BARRETT: Yes, on your amendment to the bill.

SENATOR HABERMAN: Mr. President, members of the body, Senator Labedz, Senator Schmit, Senator Hannibal, Senator Lynch, Senator Chizek, this amendment extends a sales tax exemption to natural resources district. At the present time natural resources districts are the only governmental agency that pay the sales tax on their purchases. The state doesn't pay it, the county doesn't pay it, the city doesn't pay it, the fire departments don't pay it, irrigation districts don't pay it, public power don't pay it, public schools doesn't pay it and on and on and on. So what this amendment does is say that the NRDs won't have to pay the sales tax on their purchases also. Now what does this mean to some of the NRDs? Well to the Lower Platte South NRD in Lincoln, Nebraska, it would save them \$20,000 a year. The Pappio NRD in Omaha, it would save them \$15,000 a year. So you add all this together and this is property tax relief because you can go back to your NRDs or I'll do it for you and we'll say you don't have to pay the sales tax anymore, Lincoln NRD, therefore, you can take \$20,000 out of your budget. It's just real simple and I'm sure that they will be glad to accommodate you because you can raise enough fuss that they will listen to you. So all I'm asking for you to do is if we're going to give all of these state agencies the freedom of not paying sales tax on their purchases, and then if we're going to extend it to give it to a museum purchase of art in Omaha, I don't think it's any more than fair that we should give this to the natural resources districts also. Thank you, Mr. President.

SPEAKER BARRETT: Thank you. Senator Lindsay, for what purpose do you rise?

SENATOR LINDSAY: Mr. President, I'd rise for a point of order. I would challenge the germaneness of the amendment.

SPEAKER BARRETT: Thank you. Would you care to make a statement?

SENATOR LINDSAY: Yes, Mr. Speaker, this amendment is extending this bill to NRDs. The bill is a very narrowed bill. It applies only to fine arts museums. It is not intended to open the door to, and I don't think it is in the best interests of the body to open the door to all sorts of exemptions for all sorts of different types of sales tax or other forms of tax. The amendment goes much further than this bill. This bill is limited to a particular type of purchase and is not intended to exempt all forms or to be extended to other forms of government.

SPEAKER BARRETT: Thank you. Senator Haberman.

SENATOR HABERMAN: Mr. President, under (c) on page 54, it states, a nongermane amendment includes one that relates to a substantially different subject or accomplishes substantially different purpose than that of the original bill to which it is proposed. Mr. President, this bill establishes the same purpose as 705. It talks about sales tax exemption and that's what 705 is. It's a sales tax exemption bill and my amendment is exactly the same thing. It is a sales tax exemption amendment. Thank you, Mr. President.

SPEAKER BARRETT: Thank you. With reference to germaneness it appears to the Chair that 705 does address exempting purchases of art by fine arts museums from sales tax and the Haberman amendment to 705 does relate to natural resource districts and in that case, it would occur to me that there are two different subjects and I would declare the amendment to be not germane and out of order. Senator Haberman.

SENATOR HABERMAN: Mr. President, that ruling just shakes me to the soles of my boots. I had no idea at all that you would rule that way, so I guess I have a recourse that I can suspend the rules, is that correct?

SPEAKER BARRETT: That is correct.

SENATOR HABERMAN: And that takes 30 votes?

SPEAKER BARRETT: Yes. You must first challenge the ruling of the Chair. I'm sorry, you can suspend without that. I stand corrected.

SENATOR HABERMAN: Well, thank you, Mr. President.

SPEAKER BARRETT: Which may be the preferred course.

SENATOR HABERMAN: Well, Mr. President, seeing as there is a lack of warm bodies on the floor, and I might have a hard time getting 30 votes, I don't think I'll challenge it at this time.

SPEAKER BARRETT: Thank you, sir. We are back to a discussion on the bill itself. Senator Chambers, would you care to discuss the bill followed by Senators Langford, Moore, Hall and Ashford?

SENATOR CHAMBERS: Mr. Chairman and members of the Legislature, maybe Senator Haberman could have argued that his amendment was an artful amendment or he could have made it an amendment to exempt NRDs from sales tax when they purchase art. Maybe you could have done it that way, but nevertheless, I want to ask Senator Lindsay a question or two. Senator Lindsay, who initiated the deal for the purchase of the Enron collection by the Joslyn Museum?

SENATOR LINDSAY: Well, the Enron collection had been displayed at Joslyn for I believe many years. When Enron left, whatever the...I think it was actually owned by a foundation. The foundation told Joslyn, we're down in Houston now, we don't want it up in Omaha, we don't want to be taking care of it in this particular manner. You either buy it or we're going to sell it to somebody else. There were two collections valued at approximately \$11 million. They chose to purchase the one for 4.5 million.

SENATOR CHAMBERS: Now, can Joslyn, if they obtain this collection, sell it if they choose to?

SENATOR LINDSAY: I'm sure they can, yeah.

SENATOR CHAMBERS: And that sale would be exempt from the sales tax also for whoever purchased or would it apply only when the Joslyn makes a purchase?

SENATOR LINDSAY: No, it's by...purchases by fine arts museums. When Joslyn sells...if Joslyn were to sell the collection, that would not apply unless...I mean they would still pay sales tax unless it was being purchased by a nonprofit fine arts museum.

SENATOR CHAMBERS: The only reason I asked that is because when we look at the existing law on page 2, we're talking about what

shall be exempted and it mentions various things and it says, there are exempted from the computation of the amount of sales and use taxes imposed by the Nebraska Revenue Act of 1967 the gross receipts from the sale, lease, or rental of and the storage, use, or other consumption in this state of, and then we would go to your language, purchase of art by a fine arts museum. Are you saying that the rest of that language would not apply to your amendment?

SENATOR LINDSAY: You mean the language in lines 4 to 8 on page 2?

SENATOR CHAMBERS: Right, which introduces all of the exemptions and what law is to apply to those exemptions.

SENATOR LINDSAY: Well I think...I don't think...I think the way I just described it would apply. I think you've got a specific statute which takes precedence over a general statute, in the construction of statutes.

SENATOR CHAMBERS: So it would apply only when the museum is making a purchase.

SENATOR LINDSAY: Right.

SENATOR CHAMBERS: Okay, now if we would adopt this amendment it would apply to more than just the Enron collection, wouldn't it? It would apply to any purchase that...

SENATOR LINDSAY: Right.

SENATOR CHAMBERS: ...the museum would make.

SENATOR LINDSAY: As I mentioned in my opening, it would apply to those. It wouldn't have a great fiscal impact because of the amount that they are buying.

SENATOR CHAMBERS: Right, well, there wasn't a lot of attention given to your earlier remarks and I want them offered at a time when people might be aware of what it is we are discussing in the bill. I think that's all that I have to ask you right now. Members of the Legislature, I have always been adamantly opposed to increases in the sales tax. This would not increase the sales tax, but it would be an exemption. There might be people who would vote for this exemption who would vote to increase the

sales tax. Increasing the sales tax always places a heavier burden on the poor. One thing that was kind of interesting to me, I was watching Councilman Connelly on television Sunday, he's running for mayor and said he would be more inclined to accept a sales tax as a way to generate revenue because it's progressive. That's wrong. A sales tax is the most regressive tax you have because it places the same flat rate on everybody regardless of what their income is and since poor people have to pay that flat rate, it takes a greater percentage of their income than it does for people who are better off. A progressive tax is one that causes you to pay more based on your ability to pay.

SPEAKER BARRETT: One minute.

SENATOR CHAMBERS: But anyway, there are people who would vote for this exemption who would at the same time vote for an increase in the sales tax. They wouldn't mind sticking it to the poor, but when there is an elitist type operation which Joslyn Art Museum definitely is, a hoity-toity, nose turned up, look down over the bridge of the nose at the unwashed, they want to give them an exemption for something that is not necessarily in the public interest. No law, no ordinance required Joslyn to make this purchase. They didn't consult with the citizens. They didn't even have a straw vote or anything of that kind. Then after the deal is transacted they want the State of Nebraska to take, even if it's a piddling amount, from all of the taxpayers a certain amount to allow for an exemption to the Joslyn Art Museum in Omaha. I'm opposed to the amendment, I mean, I'm opposed to the bill.

SPEAKER BARRETT: Motion on the desk.

CLERK: Mr. President, Senator Haberman would move to indefinitely postpone. Senator Lindsay would have the option to lay the bill over, Mr. President.

SPEAKER BARRETT: Senator Lindsay, your wishes, please.

SENATOR LINDSAY: We'll take it up.

SPEAKER BARRETT: Take the kill motion up at the present time. Senator Haberman.

SENATOR HABERMAN: Mr. President, members of the body, I'm going

to talk to you for a few minutes about dollars. This is going to cost the City of Omaha \$50,000, approximately \$50,000 in lost revenue. That is what the city is going to lose. The State of Nebraska is going to lose \$160,000 in lost revenue. So you add the two together and this is a \$210,000 lost revenue proposition. Now I would like to take just a minute and ask the senator a question about the bill on page 11. Senator Lindsay, would you respond, please.

SPEAKER BARRETT: Senator Lindsay, please.

SENATOR HABERMAN: Senator Lindsay, are they going to use this art...do they have any education programs in the museum?

SENATOR LINDSAY: Yes, they do.

SENATOR HABERMAN: What kind?

SENATOR LINDSAY: Well, to give you an indicate...I guess repeat what I said in the opening, that they've got several outside types of educational programs that they have instructional kits that they send to teachers throughout the state. Number two, they've got a program where they bring in teachers from throughout the state to teach them about art.

SENATOR HABERMAN: Thank you, Senator Lindsay.

SENATOR LINDSAY: And those are not the only...those are two offered.

SENATOR HABERMAN: I understand that...I fully understand that this is a one-time purchase and it's been mentioned to me that art is a great thing and the people of Nebraska should be exposed to it. And my answer to that is, there are hundreds of thousands of people in the State of Nebraska, if you mention the Joslyn Museum of Art to them, they wouldn't know what you're talking about. You go east of Grand Island or east of Kearney, they're not going to come in, educational courses or no educational courses, and look at the art. So let's say for example that the art is okay, let's get back to the dollars and cents. I don't think we should start at this time allowing erodation (sic) of the base so the state would lose \$160,000 over the next four years, and ask you to support the IPP motion.

SPEAKER BARRETT: Thank you. Who would care to speak to the

kill motion? Senator Lindsay, please.

SENATOR LINDSAY: Thank you, Mr. President and colleagues, I oppose the kill motion for many of the reasons I set forth in my opening but to just some of the concerns brought forth by Senator Haberman. I mentioned a couple of the educational opportunities that were available. Those are the ones that...a couple of those that apply to greater Nebraska. Now within Omaha itself, the Joslyn Museum itself is just a source of education. An example is the tours that are given to school kids, elementary and high school kids, very comprehensive tours that are...where they are educated and exposed to the arts. The teachers then can build on that in their own classroom studies. Number two, Senator Haberman has suggested that because some people in Nebraska don't know what Joslyn Art Museum is that for some reason it isn't important to the State of Nebraska. And I would suggest that just because some people don't know what the Uffizi is that that doesn't mean that it's not one of the greatest art museums in the world. It doesn't detract from the fact that tens, probably hundreds of thousands of people visit the museum, the Uffizi, every year. We don't have that wide range at Joslyn but it is an important institution to the State of Nebraska. There is a lot of things that Nebraskans don't know about Nebraska and that is unfortunate. There is a lot of people in Omaha that don't know the beauty of the Niobrara area. There is a lot of people in Nebraska that have never been to the Stuhr Museum. There is a lot of people in Nebraska that have never been to Fort Robinson. There's a lot things in Nebraska that aren't known but that does not detract from the value of those institutions to the State of Nebraska. Again, I guess I'd reiterate those reasons that I brought forth in my opening. I urge you to vote down the kill motion and I would give the remainder of my time to Senator Hall for his use.

SPEAKER BARRETT: Senator Hall, approximately three minutes.

SENATOR HALL: Thank you, Mr. President and members. I also stand in opposition to Senator Haberman's motion to indefinitely postpone the bill. The issue was before the Revenue Committee and clearly it is a bill that is tailored toward the museum in Omaha. It is the museum in the state that is the only one that would probably be qualified to take the exemption, so in turn, it is the only museum in the state that basically pays tax. And for that matter it is the only museum in the country that pays tax on the purchases of a sale because no other state in the

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nation sees fit to charge a sales tax on the purchase of fine art for use in a not for profit museum such as the Joslyn in Omaha. It is a bill that has been before the Revenue Committee, been before the body prior to 1989 so it is not an issue that is new off the press so to speak. It has been here before. It advanced out of the committee based on the fact that the fine arts museum is there for the general public and it is there for everyone to use and to appreciate. Maybe there is a certain segment of society, Senator Chambers, as you pointed out, that might use it more than another, but it is there for everyone to use and as Senator Lindsay has pointed out in his statements, it is used extensively by the public schools system to educate young people to the benefits that the museum has to offer to the historical and cultural opportunities that are there. I think that Nebraska lags far behind other states in the aspect of not recognizing the importance of these kinds of contributions because what you are doing is you're taking and you're taxing contribution dollars.

SPEAKER BARRETT: One minute.

SENATOR HALL: Because it takes contribution dollars to purchase these works of art and you're imposing a tax on them, a tax to the tune of \$200,000 that could be used much more readily and I think much more worthwhile in the area of more acquisition for the museum. So it only makes sense to me to vote down this motion to kill the bill and then move on to advance LB 705 on to Select File. The annual impact of 705, once the Joslyn purchase is finished, is approximately \$14,000 a year so it is no different than the exemption that we allowed previous for the state fairs that we granted earlier this session. I think that it makes sense for us to advance this bill on. Thank you, Mr. President.

SPEAKER BARRETT: Senator Labedz, did you want to speak to the motion to indefinitely postpone? Thank you. Anyone else care to speak to the motion? Senators Ashford, Chambers and Moore and Pirsch.

SENATOR ASHFORD: Members, LB 705 is my priority bill and the reason that it is, I think relates to the way I look at this exemption. I don't look at it as a sales tax exemption. I think it's really inappropriate in many respects to do that. I think we have to start from the premise that this is a valuable acquisition for the State of Nebraska. The vehicle for making

this acquisition is the Joslyn Art Museum rather than, for example, the University of Nebraska or some other state institution that might make such an acquisition. Quite frankly, we are in my opinion leveraging private funds to gain a substantial acquisition. If we were to...if the state were to make an acquisition like this it would cost us substantially more money than what the state is being asked to relinquish in this bill. It seems to me that we ought to, in fact, we ought to do more of it. It's an inexpensive way of enhancing our cultural heritage in Nebraska. It is much less expensive to do it this way than to expend General Funds. We have a golden opportunity in this instance to acquire this collection. Hopefully, other museums in other parts of the state will have, and I'm sure they have in the past and will in the future, have opportunities like this and hopefully they will, but I, again, I think that in lieu of it paying a substantial amount of state funds out for acquisitions like this, I think this is relatively a small price to pay for the state to participate in. For that reason that I have made this my priority bill and I certainly urge that the body reject the motion filed by Senator Haberman. Thank you.

SPEAKER BARRETT: Thank you. Senator Chambers, on the IPP motion, followed by Senator Moore.

SENATOR CHAMBERS: Mr. Chairman and members of the Legislature, I have a question of Senator Lindsay.

SPEAKER BARRETT: Senator Lindsay, would you respond?

SENATOR CHAMBERS: Senator Lindsay, when you were speaking the last time you mentioned a museum some place else and said people may not be familiar with it. What was the name of that museum and where is it?

SENATOR LINDSAY: It's the Uffizi and it's in Italy. It's the one that hosts several of the Michaelangelos and the...

SENATOR CHAMBERS: Okay, but anyway, they're not asking for a sales tax exemption under this bill also, are they?

SENATOR LINDSAY: Well, Senator, I'd be happy to take that amendment if you want to add it on.

SENATOR CHAMBERS: Okay. Anyway, I'd like to ask you a couple

of other questions. Does Joslyn charge a fee for a person to come and enjoy the art work and the various things that are there to be observed?

SENATOR LINDSAY: I believe so. I don't know the amount offhand.

SENATOR CHAMBERS: Senator Ashford, do you know the amount? Senator Ashford said he thinks it is \$2.00. Senator Lindsay, do you think this could be prohibitive if it dealt with a poor child or the parent of a poor child who would want his or her child to enjoy these things that are in a museum?

SENATOR LINDSAY: Sure, the cost could be prohibitive in a general admission sort of setting. There are the public education sort of tours also though.

SENATOR CHAMBERS: Well how can we say the museum is for everybody when perhaps those who might benefit the most and have the least opportunity for exposure to these things can be cut off at the door by the fee? Realistically we know that Joslyn does not cater to or direct its programs toward the poor, don't we?

SENATOR LINDSAY: I'm sorry, Senator, your question was...

SENATOR CHAMBERS: Never mind, I'll ask you a different one.

SENATOR LINDSAY: Okay.

SENATOR CHAMBERS: How much is the total that has to be raised to make this purchase?

SENATOR LINDSAY: Four million, four hundred and...

SENATOR CHAMBERS: We'll say about \$4.5 million.

SENATOR LINDSAY: About \$4,425,000, there you go.

SENATOR CHAMBERS: Four point four two million dollars or something like that. How much will the tax exemption amount to?

SENATOR LINDSAY: About 200,000.

SENATOR CHAMBERS: And you mean to tell me that you have people

who are willing to ante up \$4,442,000 but for \$200,000 they won't donate? Is that what you're asking us to accept?

SENATOR LINDSAY: No, that's not what I'm saying. I'm saying that oftentimes, as you're aware, on a gift from any foundation there is restrictions on it.

SENATOR CHAMBERS: So you're saying...

SENATOR LINDSAY: And nobody gave the entire 4 million, that's not the point. It is people adding up smaller amounts.

SENATOR CHAMBERS: And these people who are anteing up this money say that they won't give it if a sales tax has to be paid?

SENATOR LINDSAY: No, I said it's more difficult to raise money to pay a sales tax than it is to purchase an art work.

SENATOR CHAMBERS: Why do they tell the people they are paying a sales tax, because when politicians talk about imposing it, they say the public doesn't know about it, they are not conscious of it, it's a painless tax, why will these dumbbells tell people when you give this money part of it is going for sales tax? Who is raising this money for them? Who is heading the operation?

SENATOR LINDSAY: The name of the person, I don't know.

SENATOR CHAMBERS: Is there a company?

SENATOR LINDSAY: I'd be happy to find it, but...

SENATOR CHAMBERS: Thank you, Senator Lindsay, you've been very helpful. Do you see what you are being told? In Omaha they've got people trying to raise money and they are telling people when they donate the money, part of this goes for sales tax so you may not want to give it. That's not going to be said. These people who donate couldn't care less about whether there is a sales tax on these purchases. They may not even know. This is to give a windfall to Joslyn. Joslyn wanted to make the purchase. Apparently the agreement has already been entered into because they say it will apply only to those amounts that are not due at the time the bill takes effect so there is money that Joslyn has already committed itself to pay and they are out there hustling the money. And I, who come from probably the poorest district in the state am being asked to give a tax

exemption to those people who can afford...

SPEAKER BARRETT: One minute.

SENATOR CHAMBERS: ...to pay the sales tax, to put money in a museum that has an admission price that is going to be prohibitive to prevent people from my district from going to the museum. It's not a publicly owned museum. The state has no interest in it. It is a cliquish clack that runs that museum and everything associated with it. And you can give them the sales tax exemption if you choose and I can't stop that from happening, but I will mark well the types of exemptions that this body chooses to give. There is one other point that I think is significant about all of what we're talking about. When it comes to trying to get money like this, then suddenly there is an explosion of interest and concern for the arts. But I bet I could hold up ten famous paintings and nobody in this body could tell me who the artist was...

SPEAKER BARRETT: Time. Senator Moore, Senator Pirsch, next.

SENATOR MOORE: Mr. Speaker and members, Ernie is probably right. I'm probably one of those that cannot name the artist for those, but to talk on the kill motion I guess I'd like to ask a few questions. I believe I'll ask them of Senator Hall, Senator Lindsay has already had a workout, I think Hall is the co-sponsor of this.

SPEAKER BARRETT: Senator Hall.

SENATOR HALL: Yes.

SENATOR MOORE: Just so I...I think Senator Chambers summed up what I, the way I assumed it to be, that this exemption would apply to a purchase that has already been made and a contract that has already been signed. Is that correct?

SENATOR HALL: Senator Moore, the way the bill is written the effective date would be July 1, 1989, and the agreement that Senator Chambers and Senator Lindsay have talked about is one...it was a purchase agreement between the Board of Directors of the Joslyn Museum and the Enron Corporation. It was a purchase agreement that spans five years. The first installment or the first year, that has been paid. The sales tax that went along with that purchase has been paid. This bill, if passed

with the emergency clause as it currently sits, would exempt the four payments that have yet to be made from that sales tax.

SENATOR MOORE: Okay, Senator Hall, but the contract, those four payments are going to be made. We don't have a case of another bill good for Omaha a couple years ago, that if we didn't do this it was going to go away. It's not a case of that?

SENATOR HALL: Senator Moore, clearly, it is not. It's an issue of the purchase has been made. It is paid over five years. It's an issue where this is a method to keep donation dollars from basically being used for sales tax purposes.

SENATOR MOORE: Okay, that question is answered. Now the second thing, Senator Lindsay in his opening presented a number of things that the Joslyn Art Museum does for the good of the state, statewide programs. Is this tax exemption needed to continue those programs?

SENATOR HALL: I think what it does is, without the tax exemption what you do is you have...you take \$200,000 of donations. You pay them to the state as opposed to using them for the types of programming that Senator Lindsay alluded to in his opening. So you cut \$200 (sic) out of the, basically, the Joslyn's budget.

SENATOR MOORE: Okay, so you're talking about \$200,000. Now the one last question I have for you, Senator Hall, is, is if for some reason I had a choice between giving money to just the Joslyn Art Museum in Omaha or putting a like amount of money in, let's say a statewide program like Nebraska Arts Council, would you have any advice on how I could best spend my money?

SENATOR HALL: Well, Senator Moore, the issue here is one of money that we have that we expend versus money that we don't have at present, and I guess as a member of the Appropriations Committee the spending issue would have to be a decision that you would make. As a member of the Revenue Committee I would clearly not have any trouble supporting LB 705, especially as a co-sponsor.

SENATOR MOORE: Okay, that's what I wanted to make...I wanted to get a few of those things...that's all the questions I have of you, Senator Hall. I just wanted to make it clear so that everybody understands that we're...this bill, quite simply, is

exempting a purchase on a collection of art that has already been made and so it's already going to happen whether or not we exempt it or not, the purchase is going to be made. It is going to stay in Nebraska. We're talking about \$200,000 total, Senator Hall? Two hundred thousand dollars total over a period of four years?

SENATOR HALL: The balance remaining is...that's correct.

SENATOR MOORE: Okay. And it is \$200,000 and this is just the Joslyn Art Museum is the only one it would apply to and even though Senator Hall treats revenue matters different, then it is all dollars that we can or cannot spend and there is no doubt that it's dollars we're going to spend towards art and it is dollars that are going to go just for the Joslyn Art Museum and I guess since I got everything squared away on the scenario that the bill lines up...

SPEAKER BARRETT: One minute.

SENATOR MOORE: That's all the questions I have for now.

SPEAKER BARRETT: Senator Pirsch.

SENATOR PIRSCH: Thank you, Mr. President. I guess I just wanted to give you an appeal from a kid's eye view. As a child growing up on a fifty foot lot in the City of Omaha, Joslyn was a place that I went to visit on Saturdays and I could see a world that I had not seen before, a world of fine art and sculpture and the architecture that to a kid, it is...and as I found out later, is not even surpassed by many of the fine art museums that I have visited as an adult. It is a treasure, truly a treasure and to a child it is even more magnificent and their first taste of truly a greater world out there than we see every day. I understand, of course, that we are talking about art education which is a great thing that Joslyn does, but even more than that it is there and it is there for young and old, rich and poor, short or tall, university or grade school student to use and hopefully to value. It is a part of our past as well as a part of our future and the kind of impression and sensitivity that I think we need to make available for all young people, for all adults who will bother to go and take advantage of that and to take their children. We subsidize buses and yet how many of us ride them? We're subsidizing the Lied Center construction. Believe me, they will charge plenty if you want

to attend a performance there. I quite frankly think this is a very small thing that we can do for Joslyn, for this particular art exhibit that is something that our children and our children's children will value, and I urge that you do not indefinitely postpone LB 705.

SPEAKER BARRETT: Thank you. Anyone else care to speak to the indefinite postponement? Senator Bernard-Stevens, Senator Labeledz and Senator Chambers. Senator David, please.

SENATOR BERNARD-STEVENS: Thank you, Mr. Speaker, members of the body, I hadn't intended to say anything on 705 but as I've been listening to debate a couple of thoughts occurred to me which explains the dilemma I have on the bill such as this. I certainly favor support of the humanities, support of the arts. I have done so, last year with Senator Morehead. I pushed an appropriation amendment that would add \$200,000 to the humanities programs and what have you and I understand that the value of what a collection such as Senator Lindsay is referring to would be to the people of the State of Nebraska. I also have a couple of concerns, however, and I guess, Senator Lindsay, if you want to take some of my time later to respond or you want to respond later on your own time, that would be fine. I guess a couple of my concerns are I wonder why we are attacking this on the sales side, why not just come right up front with a general appropriation, you know, we're going to appropriate. Now that's maybe not an appropriate thing to do, but I suspect that maybe that is the area that we should be right up front and do. The other thing is more philosophical in regard to our tax situation. One thing that I gained upon going throughout the state and talking about the Syracuse Tax Study and the railroad lawsuit and the property tax issue was that the State of Nebraska has consistently, over the years, exempted over here, exempted over there, exempted all around and we've made so many exemptions on sales, property and what have you that the state of the tax structure in our particular state is in a very chaotic mess and what we have here is just another very small, granted, very small, but another little crack, another little chink and at some point the Legislature has to make up its mind, what are we doing in regards to exemptions in overall tax policy, you know? And I would think that this is a question that we all have to look at. Maybe there is a way simply to go around instead of giving a tax exemption to go a straight appropriation, say we the state would like to help appropriate. I don't know if that is feasible under the laws of the state,

but I do have some problems...

SPEAKER BARRETT: Senator...(gavel.) Please, the house is not in order. Go ahead.

SENATOR BERNARD-STEVENS: Thank you, Mr. President. I do have some problems philosophically with making yet another tax exemption, albeit for a very good cause, albeit for a very noble area, something that we would like to do, but yet again it is another chink in the armor, the tax exemptions that we've added throughout the state to cause a horrendous tax environment in the State of Nebraska and at some point we're going to have to deal with that issue and philosophically, though a small issue, this is, it does directly relate. And I guess I'd yield any of my other time to Senator Lindsay if he would so desire, and if not, I'll give it back to the Chair. Senator Lindsay, did you...

SPEAKER BARRETT: Senator Lindsay.

SENATOR LINDSAY: Senator, your two questions, one was on the appropriations question, and what was the second question?

SENATOR BERNARD-STEVENS: The second one was just an overall comment about the State of Nebraska continually going...exemptions for over here, exemptions over there and we've caused a tremendous tax disparity in the state in railroad lawsuits and everything else. At some point we're going to have to resolve that issue of when are we going to stop on exemptions, and that was more just a general comment.

SENATOR LINDSAY: Senator, first of all, I think of the appropriations is not what Joslyn is driving at. We're not driving at open a door where each year Joslyn, along with many other institutions will come in and ask for appropriations year after year. This is intended as a...for the most part it is a single time sort of exemption. It is geared at this one large purchase. I think the appropriations route would be inappropriate, to open the door to allowing not only Joslyn, but a lot of other institutions, making a case for asking for state money. Go ahead.

SENATOR BERNARD-STEVENS: (Mike not activated immediately.) ...answer this question. I guess I fail to see the difference of Joslyn coming and saying to the State of Nebraska or to the

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City of Omaha, we want to take this money that you would normally receive in sales, we want to take that from you so we can help purchase an idea. I don't see any difference...

SPEAKER BARRETT: One minute.

SENATOR BERNARD-STEVENS: ...in that procedure than saying to Nebraska, okay, we're not going to take it from you on the sales side, we'll take it on the appropriations side. I fail to see the difference with the exception of one, at least we're not setting a tax exemption.

SENATOR LINDSAY: What I was driving at in my comments was that we could tax the 200,000, have them pay the 200,000 in and Joslyn could come back in and request an appropriation of 200,000. Next year they could come in and say, well, we got 200,000 last year, how about...we need 250,000 this year? Once appropriations start, I think there is...you have a precedent then for additional appropriations.

SENATOR BERNARD-STEVENS: Would the senator feel that there is not any precedent being set in other entities, other organizations that make large purchases, that they too would like to have an exemption of sales tax, they too could argue that it was of educational value for the arts? This is not setting a precedent on the sales tax side?

SENATOR LINDSAY: No, I haven't gotten yet to the precedent on the sales tax. I'm dealing only with the appropriations question. And I'm certain...I can't argue with you, that there is a precedent on the sales tax side and I'll get...

SPEAKER BARRETT: Time has expired. Thank you. Senator Elmer is pleased to announce that he has some guests in the north balcony. We have 15 high school students from Alma High School in Alma, Nebraska. Please stand and be recognized. Thank you. We're glad you're here. Senator Labedz, would you care to discuss the motion to indefinitely postpone?

SENATOR LABEDZ: No. Thank you, Mr. President, I stand strongly in opposition of the indefinitely postponement of LB 705. I'm checking on it now, but I can't seem to very quickly get an answer on it, but I'm wondering if the Henry Doorly Zoo would buy an elephant and put it on display, and beings I'm nonpartisan I'll also say a donkey, and put it on display,

whether or not they would have to pay sales tax on anything that they use in the Henry Doorly Zoo. When I worked for the Department of Revenue I thought I could recall that the Henry Doorly Zoo was exempt from paying the sales tax on any of their purchases. I would also like to add and, of course, we don't charge admission, but any church that buys a painting or a statue and puts it on display in the church, there certainly is not any sales tax due on the purchase and Senator Chambers mentioned the fact, he said, do you charge admission, and I said, no, but we certainly pass around the basket and hopefully that you will contribute and help us pay for the purchase of that painting or that statue. So I strongly oppose Senator Haberman's motion to IPP LB 705 and I strongly support the advancement of LB 705. I've taken my children and groups from our school, our private schools to the Joslyn at different times. I don't know what their position is now, but I can assure you that our group was not charged admission. We took the school children in there free of charge and we had to have supervision, so many parents to the group and we were not charged any admission at that time. Even if we were, we've got to remember that the Joslyn museum has to have 24-hour security because of the value of the paintings. There is a great overhead and they certainly are not in the position of paying \$4 million for a group of paintings, so I believe that giving them a break on the purchase on this one-time sales tax on over \$4 million, everyone knows it is getting more and more difficult to receive contributions especially in Douglas County. I don't know how it is throughout the rest of the state, but we have so many different organizations that are asking for contributions and it is getting to the point where it is very difficult. Two hundred thousand sounds like a lot of money and it is, definitely, when you're trying to raise 200,000 plus the \$4 million to pay for the paintings. I urge you to reject this motion by Senator Haberman and let's advance LB 705. Thank you.

SPEAKER BARRETT: Thank you. Further discussion, Senator Chambers.

SENATOR CHAMBERS: Mr. Chairman and members of the Legislature, I would like to ask Senator Labedz a...oh, I will ask Senator Lindsay a question. Is he back there, I can't see?

SPEAKER BARRETT: Senator Lindsay.

SENATOR LINDSAY: He would like to have Senator Labedz get off

the phone.

SENATOR CHAMBERS: Oh, I see. Senator Lindsay, it has been said that this will just apply to this one purchase. How is the bill drafted to make that true?

SENATOR LINDSAY: No, that is not...the primary thrust of it is for that one purpose. It will not, and I didn't mean, if I did mislead the body, I didn't intend doing that.

SENATOR CHAMBERS: You didn't.

SENATOR LINDSAY: What the intent is that other purchases would be subject to the same exclusion, to the same exemption, but Joslyn's purchases are relatively insignificant as compared to this one other purchase. The figures I have got for you, Senator, are last year I believe is they purchased 140 some thousand...

SENATOR CHAMBERS: That is all right, here is the question I want to ask you. Did Joslyn hire a lobbyist for this bill?

SENATOR LINDSAY: Yeah, they do have a lobbyist. Whether they have hired it, I don't know.

SENATOR CHAMBERS: Senator Hall, may I ask you a question. Do you know if Joslyn's lobbyist is paid?

SENATOR HALL: Senator Chambers, I do not. I do not know. I know that one of the representatives for Joslyn was from the law firm of Fraser-Stryker who provide services to them at no cost, and that was the individual who testified in front of the Revenue Committee in support of this measure.

SENATOR CHAMBERS: Is there somebody out in the lobby now working in behalf of this bill, giving information and so forth?

SENATOR HALL: I think there are at least one, if not two people.

SENATOR CHAMBERS: And what are his name or their name, if there be more than one?

SENATOR HALL: Well, Senator Chambers, walk back there and find out, I mean it's...

SENATOR CHAMBERS: I don't know how to...does anybody know who that person are?

SENATOR HALL: I think they are the folks in the suit of armor, Senator Chambers. They borrowed it from the museum on their way down here.

SENATOR CHAMBERS: So we are talking about Ak-Sar-Benites or something like that? Anyway, if they did hire a lobbyist, that kind of is ironic in view of all of this, but I would like to ask Senator Lindsay, who is not very old, a question. Senator Lindsay, are you still back there?

SENATOR LINDSAY: Unfortunately, yes.

SENATOR CHAMBERS: Senator Lindsay, when was the last time you visited Joslyn?

SENATOR LINDSAY: It would have been about two years ago.

SENATOR CHAMBERS: And what was the occasion that took you there?

SENATOR LINDSAY: My, I guess at that time, fiancée.

SENATOR CHAMBERS: Senator Lindsay, when without the motivation of your fiancée did you go there on your own because you were interested in improving your knowledge of the arts?

SENATOR LINDSAY: I was there before that, probably two years before that.

SENATOR CHAMBERS: So it has been about four years ago that you went on your own?

SENATOR LINDSAY: Yeah, I guess.

SENATOR CHAMBERS: And that is about as often a dose of fine arts as the average person would need?

SENATOR LINDSAY: I don't think that you could say that. I think that you can go to one particular museum and you may go to other...and I have been to other museums since then.

SENATOR CHAMBERS: Thank you. Senator Hall, may I ask you a question.

SENATOR HALL: Yes.

SENATOR CHAMBERS: Senator Hall, when was the last time you visited Joslyn?

SENATOR HALL: Last year, last fall.

SENATOR CHAMBERS: And what was the occasion of your visit.

SENATOR HALL: To become more culturally aware, Senator Chambers.

SENATOR CHAMBERS: So you didn't go with anybody else?

SENATOR HALL: I did not.

SENATOR CHAMBERS: Did you receive an invitation?

SENATOR HALL: I did not. I have a membership. I paid \$30 for it, Senator Chambers. I can go to...I get in the door. I can go to all kinds of special events, and I have had that membership for a number of years.

SENATOR CHAMBERS: Thank you. Senator Labedz, may I ask you a question. Senator Labedz, before my time runs out...

SPEAKER BARRETT: Senator Labedz, would you answer?

SENATOR CHAMBERS: When was the last time you visited Joslyn?

SENATOR LABEDZ: I would say it would have to be at least 10 years.

SENATOR CHAMBERS: Thank you very much. Senator Pirsch, the afic...the ar...art aficionado. Senator Pirsch, when was the last time you visited Joslyn?

SENATOR PIRSCH: It was probably in December or November of last year.

SENATOR CHAMBERS: And you are a member of Joslyn?

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SENATOR PIRSCH: I am a member of Joslyn.

SENATOR CHAMBERS: And you support them very actively, as much as you are able to do?

SENATOR PIRSCH: You bet I do, yes.

SPEAKER BARRETT: One minute.

SENATOR CHAMBERS: So you would have an interest...

SENATOR PIRSCH: My son was there I think two weeks ago.

SENATOR CHAMBERS: I am not asking you about your son. You have an interest in this bill as a person who supports Joslyn and does attend their functions regularly?

SENATOR PIRSCH: If you will notice, I am not always there to support with public money.

SENATOR CHAMBERS: That is not what I am saying. But your association with them...

SENATOR PIRSCH: But I do, individually, yes, support various...

SENATOR CHAMBERS: Okay. All right, so we don't have just the person off the street in here who sees the great need for this, the people who are supporting this bill have had some association with Joslyn?

SENATOR PIRSCH: I think you have to have been exposed to it to know the opportunities that it provides and the various exhibits. We have traveling exhibits, the last one...

SENATOR CHAMBERS: My final question because my time will run. Do you think there ought to be any fee for a child to enter Joslyn?

SENATOR PIRSCH: I would, quite frankly, I wish that children could get in without admission cost.

SENATOR CHAMBERS: Thank you. That is all I have enough time for.

SENATOR PIRSCH: And, hopefully, the adults would support it.

SPEAKER BARRETT: Time has expired. Thank you. Any other discussion on the kill motion? Senator Crosby and Senator Wehrbein. Senator Crosby.

SENATOR CROSBY: Thank you, Mr. Speaker. I speak as a person who has been to Joslyn as a child and as an adult not more than a year ago, Senator Chambers. My children and I went there. I took them...we lived in Omaha for a year and we had been there when we lived out in the middle of Nebraska, and we went several times when we lived in Omaha because it was a cheap afternoon and a fulfilling afternoon in many ways for children to be exposed to the wonderful collection that they have there. I feel that I need to speak out here for the arts, and I have this feeling that no one is interested. All they are interested in is whether or not this money is going to be designated to sales tax or not. Let me read to you quickly from the Nebraska Cultural Arts Guide of 1989, Joslyn Art Museum. It has parking available, space for buses. It has food service, accessible to wheelchairs and handicapped, and groups are welcome. When my children, and I want to tell you, when my children and I went there, we didn't have very much money and no one ever made us feel unwelcome, let me tell you. We felt like it was a wonderful place to go and that we were part of the group, and that we were welcome at Joslyn always. Here is the description, one of the nation's best examples of art deco architecture. The building itself, which was opened in 1931 as a gift from the widow of Omaha businessman, George A. Joslyn, the building itself is a gift to Omaha and to the State of Nebraska. It is a tourist attraction, if you want to use that word, tourism. The permanent collection spans ancient times to modern art. They have a seasonal concert series. I have been to the Bagels and Bach that the Omaha Symphony does along with some other things. They have films, lectures, art history, tours, classes. As far as I am concerned, please don't kill this bill, and then I would urge you to vote for it because I feel that art, and I firmly believe art is for everyone. Just to go and stand in that courtyard and look around that building is a fulfilling experience. So if you haven't been there, I'd urge you to go and keep this bill alive because I think it is a statement that the State of Nebraska could say to Joslyn, we want you to keep that art collection. My only regret is that the Great Plains art collection here in Lincoln couldn't afford to have it. I want it there at Joslyn. I don't want it to go out of the state, so let's hang on here and keep 705 going. Thank you.

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SPEAKER BARRETT: Thank you. Further discussion? Senator Goodrich.

SENATOR GOODRICH: I call the question.

SPEAKER BARRETT: Senator Goodrich moves the previous question. Do I see five hands? I do. Shall debate now close? Those in favor vote aye, opposed nay. Please record.

ASSISTANT CLERK: 27 ayes, 0 nays to cease debate, Mr. President.

SPEAKER BARRETT: Debate ceases. Senator Haberman, would you like to close on your motion?

SENATOR HABERMAN: Yes, I would, Mr. President, thank you. Mr. President and members of the body, the issue here is not the Joslyn Museum, it is not the art collection, it is not for little children should go and soak up art. The issue is only one thing. This issue here is a pure pork barrel bill. And in case you don't know what pork barrel bill means, it means somebody comes in and gets a bunch of money that maybe they don't deserve and we don't do the same thing for everybody. So what we are going to do here today, if we pass this bill, if we don't kill it, is we are going to single out one entity, one community, and say this body agrees to give you \$200,000. I do not blame the Omaha senators at all for trying to pork barrel this bill into \$200,000. I would like to do the same thing for Imperial, Nebraska, but I will never have that opportunity. I will never have that opportunity. And if I did have it, I probably wouldn't have the votes because I wouldn't have all of the Omaha votes voting on my side, or except Senator Labeledz would probably vote for me. So I would say that it boils right down to an issue here that a senator mentioned, Senator Moore, that the contract has been signed, it is sealed, it is delivered, now they are coming and they are saying we want some more. Now if that isn't pork barrel, I will throw in with you. So I ask you to support the IPP motion. Thank you, Mr. President.

SPEAKER BARRETT: Thank you. You have heard the closing and the question is the indefinite postponement of LB 705. Those in favor vote aye, opposed nay. Voting on the motion to indefinitely postpone the bill. Have you all voted? Record,

please.

ASSISTANT CLERK: 2 ayes, 16 nays on the motion to indefinitely postpone, Mr. President.

SPEAKER BARRETT: Motion fails. Anything else on the bill?

ASSISTANT CLERK: Nothing further on the bill.

SPEAKER BARRETT: Back to a discussion of the bill itself, Senator Langford, your light is on. Would you like to discuss the bill? Followed by Senators Moore, Hall, and Ashford.

SENATOR LANGFORD: Mr. President and colleagues, the first thing I must do is rebut some of the debate that went before. There may be hundreds of thousands of people in western Nebraska that don't know a thing about Joslyn or art, but I am inclined to disagree. By the time I was 11 years old, I had been to art museums in Chicago, Portland, Oregon, and New York City, and my father was a railroad conductor, but we were dragged to every art gallery that was around. And I feel there are many other people in western Nebraska who enjoy art as much as my family did. Now any museum, public or private, which is nonprofit, exists for the purpose of public enjoyment. Everyone is allowed to be admitted. Thank you. The art work is purchased by private money. Nebraska is a state of small population and recent settlement in the scheme of rural history. We do not have much fine art in our state. Some of the things that are included in our galleries are not really art at all. The price of renowned pieces of art is astronomical today. I could not believe that a public art gallery had to pay taxes and I didn't realize it until I read this bill. I think that is completely out of line. This Legislature can do better and I feel that we should do everything to increase the money that Joslyn has to spend. Now, needless to say, everybody here knows I don't mean out of the state General Fund. Exempting the tax leaves more money for purchases and I hope you will give this gift of the Legislature to our first...future generations a great deal of thought. When I travel, the first place I ever go is to the art galleries and I have been to museums all over the world. As Nebraskans, I contend that we can be very proud of Joslyn, not only because of the artwork but also because of the building. I have a very favorite story that I want to tell you about an art gallery. I have three children. The youngest one always went to the art galleries with me. The two older ones finally got

big enough so they could say they didn't want to go and I didn't make them go. So by the time the two older ones went to college, my youngest daughter, we were in London, and I said, oh, there is a marvelous portrait gallery, we will go this weekend. She says, no, I don't want to go, and I said, but, Tracy, you always want to go see the art with mother. Well, I don't want to go anymore because Jeanie and John are gone and there is nobody left to pay me. So now I hope there is somebody left to help pay for the art at Joslyn and that is our Legislature by exempting them from the tax. Thank you.

SPEAKER BARRETT: Senator Moore.

SENATOR MOORE: Well, Mr. Speaker and members, there has been a lot of talk this afternoon about whether or not the Legislature supports the arts, and I think Senator Crosby basically said it is not an issue of money, it is an issue of arts, and to some extent that is true. And I think Senator Hall or Senator Lindsay both made a good point. I think Nebraska is the only state that now taxes this type of purchase, but the fact of the matter is, that you can call it a pool or call it a pond, if you give the tax exemption on this end, you are going to have less money on the other end to the tune of about \$200,000, and that is a significant amount of money when you take into consideration that right now, this year, the State of Nebraska contributes over \$918,000 to the Nebraska Arts Council. The Arts Council is asking for double that money, and you will probably have a chance later in the session, either through an appropriation bill or through an amendment on the floor, to further support the arts in the State of Nebraska. I don't think this vote here today should be a litmus test on whether or not the members of this body support the arts. I think we have proven in the past we have done that. We will have a chance to do that again in the future, and I guess I just think it is important to understand that the amount of money we are talking about and the possibility of that money could be better spent across the state than one museum in Omaha I think has to be considered. And I guess that is all I have to say.

SPEAKER BARRETT: Senator Hall, please.

SENATOR HALL: Question.

SPEAKER BARRETT: The question has been called. Are there five hands? There are. Those in favor of ceasing debate please vote

aye, opposed nay. Record, please.

ASSISTANT CLERK: 26 ayes, 0 nays to cease debate.

SPEAKER BARRETT: Debate ceases. Senator Lindsay. Senator Hall, would you close?

SENATOR HALL: Thank you, Mr. President. Clearly, LB 705 is a policy decision the body has to make with regard to what should be taxed and what shouldn't. There has been adequate debate on the issue itself, but the question is one of do we tax the purchases of fine arts for nonprofit museums, and I guess Nebraska is the only state that currently does this. This provision in LB 705 would allow for that exemption to be in existence. Outside of the issue of the purchase that Joslyn is currently under, the fiscal impact on an annual basis over the last 10 years has been approximately \$14,000 a year. So it is not a heavy price that the state will pay once this one-time provision is out of the way, and I think that clearly the opportunity that was presented by the Enron Corporation to the Joslyn Museum was one that could not be passed up, but I think it is clearly in the best interest of the state on the long run to adopt this policy because it is not, in my thinking, good sense to take charitable dollars and spend them paying tax when those could be used to purchase additional works of art in the case of the Joslyn museum. With that, I would urge the body to advance LB 705, but I will give Senator Chambers a minute of closing because he is requesting it and I am interested to hear what he is going to say.

SPEAKER BARRETT: Senator Chambers.

SENATOR CHAMBERS: Mr. Chairman and members of the Legislature, it is not often that my mind will be changed on the floor during the debate, but after listening to what everybody said, especially after talking to Senator Pirsch, believe it or not, I am persuaded that this is a vote that I am going to make in the affirmative. This is not going to happen often. Senator Pirsch, don't let it go to your head and I don't want anybody to think that you are seeing a conversion, or anything of that kind. It is this one instance, I listened to the discussion, my mind was changed.

SENATOR HALL: Mr. President, nothing else need be said. Thank you. And I would urge the adoption...advancement of the bill.

March 28, 1989

LB 395, 705

SPEAKER BARRETT: Shall LB 705 be advanced to E & R Initial? Those in favor vote aye, opposed nay. Record, please.

ASSISTANT CLERK: 29 ayes, 2 nays on the advancement of the bill, Mr. President.

SPEAKER BARRETT: LB 705 is advanced. Anything to read in, Mr. Clerk?

CLERK: Not at this time, Mr. President.

SPEAKER BARRETT: Then to the next senator priority bill, LB 395.

ASSISTANT CLERK: Mr. President, LB 395 was introduced by Senators Peterson, Schellpeper, Dierks, Hefner, Korshoj, Conway and Lowell Johnson. (Read title.) The bill was referred to the Committee on Education. They report the bill back to General File without committee amendments, Mr. President.

SPEAKER BARRETT: Senator Peterson.

SENATOR PETERSON: Mr. President...(gavel). Mr. President and members, this is a bill brought to me by the...by a number of us in northeast Nebraska by the Northeast Technical Community College. And what it would do would amend the 200,000 statutory capital construction limit for the college areas to allow Northeast College to construct a multipurpose educational facility so long as the bid-letting is accomplished by July 1, 1991. Northeast Technical Community College is the only community college that meets both the total population requirement of more than 150,000 and has only one campus. Northeast Technical Community College is the only one with only one campus. All the rest have more. The Northeast Technical Community College Board of Governors identified the need for a multipurpose education facility as northeast Nebraska's highest immediate capital construction priority. Because of the enrollment growth and technological advantages, the lack of facilities limits the effective functioning of existing programs and precludes developments of new programs. Currently, the state statutes limit expenditures for new capital construction projects at technical community colleges 200,000 of property tax funds. Technical community colleges can levy up to 1.8 cents per \$100 of valuation annually, solely for capital construction.

March 30, 1989

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

SPEAKER BARRETT PRESIDING

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

REVEREND CARMON: (Prayer offered.)

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

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

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

CLERK: No corrections, Mr. President.

SPEAKER BARRETT: Any announcements, messages or reports?

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

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

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

April 4, 1989

LB 137, 335A, 392, 482, 611, 695, 705

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

SPEAKER BARRETT: Shall LB 335A be advanced? All in favor say aye. Opposed no. Carried. The bill is advanced. LB 705.

CLERK: Mr. President, may I read some items for the record? I have a proposed rules change offered by Senator Wesely. That will be referred to the Rules Committee.

Enrollment and Review Committee reports LB 482, LB 695, and LB 392 to Select File some having E & R amendments attached. (See pages 1489-90 of the Legislative Journal.)

Mr. President, Senator Bernard-Stevens would like to add his name to LB 137 and to LB 611 as co-introducer.

Mr. President, the next bill is LB 705. The first order of business are adoption of Enrollment and Review...consideration of Enrollment and Review amendments, Mr. President.

SPEAKER BARRETT: Senator Lindsay, please.

SENATOR LINDSAY: Mr. President, I move that the E & R amendments to LB 705 be adopted.

SPEAKER BARRETT: You heard the motion to adopt the E & R amendments. Those in favor say aye. Opposed no. Carried. They are adopted.

CLERK: Mr. President, Senator Moore would move to indefinitely postpone the bill. Senator Lindsay would have the option to lay the bill over, Mr. President.

SPEAKER BARRETT: Senator Lindsay, your wishes.

SENATOR LINDSAY: We will take it up.

SPEAKER BARRETT: Take the bill up, thank you. Senator Moore.

SENATOR MOORE: Mr. Speaker and members, as you all remember, LB 705 is the bill that basically has the state giving a gift of about \$200,000 to Joslyn Art Museum down in Omaha, and I'm going to ask Senator Hall a question as I want to say this I have got

the numbers right. How much over...

SENATOR HALL: Senator...

SENATOR MOORE: ...the life of the next four years?

SENATOR HALL: Senator Moore, launch away.

SENATOR MOORE: Well, how much money are we...

SENATOR HALL: Approximately \$200,000.

SENATOR MOORE: Two hundred thousand over the next four years. Just to refresh your memory, this is the case of the Joslyn Art Museum bought a collection of art in the last 24 months, I am not sure of the actual time. They purchased the art at a cost of about \$4 million, I'm using some rough figures, purchased some art that cost around \$4 million, and after they purchased the art, they said, wait a second, \$4 million plus sales tax, that is kind of steep. You are talking about probably in the beginning about \$500,000 in sales tax on this piece of art, and they are saying, what we ought to do is, you know, I hate to sound like...I almost sound like Senator Chambers when I tell this story, because what we are going to do, we are members of the Joslyn Art Museum, we are the people that run Omaha, we are going to get the Legislature to go down there and exempt that sales tax, exempt that art purchase from sales tax. On General File I sat back and kind of raised some concerns and didn't vote no on it, but I just decided that I simply have to say something, and this is a bill that I just deep down in me I don't think is right. Because here is the Joslyn Art Museum that is coming back in and saying, ex post facto, we want the forgiveness of sales tax. We signed this contract a year or so back, we will agree to pay sales tax on what we have already paid, but from here on out, we want this sales tax forgiven and it cost \$400,000 over the life of it, and the last time we debated the bill on General File, a variety of senators got up and said if you are for the arts, you are for this bill. I guess I am not sitting here today and saying I am against the arts. I definitely am saying I am against this bill. I think you could spend \$400,000 in the arts and spend it in a manner that will spread it out across the State of Nebraska, and I realize Senator Lindsay and Senator Hall both mentioned in detail all the good things that Joslyn Art Museum did for the whole State of Nebraska. The fact of the matter is Joslyn sits

right in the heart of Omaha, and this bill gives a \$400,000 grant from the state to Joslyn Art Museum. Well, I guess in many ways if we really wanted to give the Joslyn Art Museum money, let's just be straight up and forward about it. Let's come to the Appropriations Committee and say, Joslyn Arts Museum, you are such a great deal, we are going to give your \$400,000 because we all know there is only a certain amount of money we have, probably have to decrease the Arts Council's appropriation by that amount. Well, I guess I prefer to spend money on the Arts Council and spend money in the Arts Council and their variety of programs that take the arts to the far reaches of the state, from Broken Bow to Hemingford to McCook to Falls City, but here if you pass this bill, you are just spending \$400,000 just for the Joslyn Art Museum. I simply don't think it is right, and the part that just irks me the most is the fact that it would have been one thing, if it had been the old, the typical Omaha style of lobbying where you would have said up front, we will not buy this art museum...we will not buy this art unless we get a tax break, worst yet here, they already went out and bought the art, and now they want the tax break. I guess I simply have a lot of problems with it, and for that reason, I have filed the indefinitely postponement motion, and as I have said before, it is one of those things, in this business, you have got to learn quick who in the room is with you and who is against you, and with that, I will withdraw the indefinitely postpone motion and ask for a machine vote on this. And I hope that maybe someone else will speak on this to give their side of the story or how they feel about it.

SPEAKER BARRETT: The motion is withdrawn. Mr. Clerk.

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

SPEAKER BARRETT: Senator Lindsay.

SENATOR LINDSAY: Mr. President, I move that LB 705 as amended be advanced to E & R Final.

SPEAKER BARRETT: You have heard the motion to advance 705 to E & R Final. Discussion? Senator Haberman.

SENATOR HABERMAN: Well, Mr. President and members of the body, a lot of things were said this morning that kind of hurt, and they were said by senators that the people out in western Nebraska are stealing, that we are stealing money and they ought

to call the cops and have us arrested. Well, let's just assume that they are right and we have been stealing the money. Well, we have been stealing it for 25 years. So if we have been stealing it, we have been stealing it for 25 years, and I think that that sets a precedent, that we have been doing it and getting away with it. Now they want to stop it. But here is a new, a brand new subject where these people who say we were stealing, now they want to steal, and they want to steal, what, 200,000, 400,000 dollars. Now they want to steal it. Well, how can they stand up in the morning and call us all these bad things and they hurt my feelings, and I couldn't hardly eat my lunch, and then right after lunch, they come back and say, well, it is all right for us to steal this money, but those guys out in the west are bad, they are bad because they have been stealing this money, too. It belongs to us. Well, this money belongs to everybody in the state also, but I will have to say I admire them, Senator, for coming up front and say, we are going to not borrow this money, they just want to...oh, I won't say they want to steal it. They just want us to give it to them because they are the good old boys, and maybe, maybe some people, possibly some people, just might some day from western Nebraska go down there and see what they bought with this \$400,000 tax break. I doubt it but they might do that, and maybe there is some good in that, I don't know. But I am going to say to you to support the IPP and to say, now, wait a minute, this has got to come to a stop sometime, so let's stop it now. Thank you, Mr. President.

SPEAKER BARRETT: Thank you. Senator Lindsay, did you care to speak? Your light is on.

SENATOR LINDSAY: Mr. President, colleagues, I guess I find it difficult to respond to Senator Haberman's arguments because I really didn't get a chance to call anybody a thief this morning. It is interesting what a good lunch will do to you, we can come back and get over it. I don't consider that the issue here. I don't consider it thievery and didn't consider this morning thievery, and I didn't think there was any name calling, and hopefully there won't be any. I'd respond a little bit to the issue that it appears to be an Omaha versus everybody else issue, and I don't think it is. We have got a situation, to address Senator Moore's arguments, we have got I believe an appropriation coming up in the Arts Council, which is an attempt to sustain the arts, as is this bill. If we are going to decide not to sustain the arts, as this state's policy, let's be

consistent. I would hope then that if we decide that sustaining arts is not a priority in this state, then I am sure Senator Moore will move to get that appropriation stricken from the appropriations bill. I think we have to...if arts are to be a priority, let's make them a priority. I have got no problem with the Arts Council that Senator Moore has referred to. When it comes up, most likely I will be speaking in favor of it. I think those are the thrust of the arguments that they have reached to today. I would urge that the bill be advanced.

SPEAKER BARRETT: Thank you. Senator Beck, followed by Senators Hall and Moore.

SENATOR BECK: Mr. President and members of the body, I just wanted to stand and support Senator Lindsay in this bill for Joslyn because it is not, as we heard last time when we discussed this, it is not just us and them, it is we. This belongs to all of Nebraska, and I did live in western Nebraska for over seven years, and I did come back every year, and every year I did, I came to see Joslyn, and I found out what we bought and what we paid for it, and I liked it. In fact, I liked it so much I stayed in Omaha close to it, so I just wanted to tell Senator Haberman that, maybe that would make him feel a little better. And anytime that he would like to come to Omaha, I would be happy to meet him at the Joslyn and we could go through it and have a cup of coffee later. So I would just support Senator Lindsay and ask the rest of you to do that, too.

SPEAKER BARRETT: Thank you. Senator Moore, next.

SENATOR MOORE: Well, I guess after listening to Senator Lindsay and Senator Beck's comments, I mean, once again Senator Lindsay gets up and says, if you are for the arts, you are for this bill. Senator Lindsay, why don't you and I draft a resolution, we can pass for free and say we are pro-Joslyn? That would be a lot cheaper than doing this, and the fact of the matter is that here, once again, it is saying that if you are for the arts, you can buy this art that all of Nebraska can share. Well, the art has already been purchased. It has already been bought. The contract has already been signed and it is going to be paid for, but now the fact of the matter is that, boy, it would be a lot nicer if we didn't have to pay sales tax, it's after the fact, and I guess that is what burns me up, and I am not anti-Omaha, I am not anti-Joslyn Museum, I am not anti-arts, but as you can tell, I am definitely anti-LB 705, and that is all I have to say

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LB 705

on it, I guess.

SPEAKER BARRETT: Senator Hall.

SENATOR HALL: Mr. President, are there any other lights on?

SPEAKER BARRETT: There are no other lights.

SENATOR HALL: Can I just consider this a close and I will give the balance of the time to Senator Lindsay, since I am co-sponsor.

SPEAKER BARRETT: Thank you. Senator Lindsay, anything further? You are closing.

SENATOR LINDSAY: Well, Mr. President, I guess the final argument raised by Senator Moore is the question of that the purchase has already been made and they are coming in afterwards, and I am not going to stand up here and say that that is not the case. That is the case. That is what has happened and I think we have been up front with it from the beginning, and I am not going to sit here and say that we are going to...that Joslyn is going to have slash programs all over the place, but that didn't happen, but on General File we did discuss programs that Joslyn provides, not only to the Omaha area but to the entire State of Nebraska, as well as the entire Midwestern region. Obviously, if money comes out of any institution's budget, it has got to be made up for somewhere. That is just logic. I think we all know that. I think we know when we consider the appropriations bill in a few weeks that we have to make some of those decisions. Something is going to get cut. I don't know what, I am not going to stand up here and make threats or anything like that, but I think that is just reality. It is a good bill. I think it is a bill that will accomplish the purposes of encouraging the arts, of helping to sustain an institution that I think is of benefit, not only to Omaha, but to the entire State of Nebraska. For those reasons, I would urge you to advance the bill.

SPEAKER BARRETT: Thank you. The question is, shall LB 705 be advanced to E & R for Engrossing? Those in favor vote aye. A machine vote has been requested. Those in favor of the advancement of the bill please vote aye, opposed nay. Shall LB 705 be advanced? Senator Lindsay.

April 4, 1989

LB 395, 705
LR 71

SENATOR LINDSAY: Mr. President, I think in order to expedite things, I would ask for a call of the house with a roll call vote.

SPEAKER BARRETT: A call of the house has been requested together with a roll call vote. Shall the house go under call? Those in favor vote aye, opposed nay. Record.

CLERK: 17 ayes, 1 nay to go under call, Mr. President.

SPEAKER BARRETT: The house is under call. Members, return to your seats and record your presence. Those outside the Chamber, please return. The house is under call. Senator Baack, Senator Lamb, the house is under call. Senators Pirsch and Scofield, the house is under call. Senators Baack, Lamb, and Scofield, please report to the Chamber. We will proceed, Senator Lindsay, with the roll call. Thank you. Members, return to your seats. The question is the advancement of LB 705 to E & R Engrossing. Mr. Clerk.

CLERK: (Roll call vote taken. See pages 1490-91 of the Legislative Journal.) 25 ayes, 10 nays, Mr. President, on advancement.

SPEAKER BARRETT: Motion prevails. The bill is advanced and the call is raised. Mr. Clerk, next bill.

CLERK: Mr. President, the next bill is LB 395. I have no amendments to the bill, Senator.

SPEAKER BARRETT: (Cavel.) Senator Lindsay.

SENATOR LINDSAY: Are there E & R amendments?

CLERK: No, sir.

SENATOR LINDSAY: I would move that LB 395 be advanced to E & R Final.

SPEAKER BARRETT: You have heard the motion to advance LB 395. Those in favor say aye. Opposed no. The ayes have it. The motion carries. The bill is advanced. Proceeding to item 8 on the agenda, LB 285. For the record, Mr. Clerk.

CLERK: Mr. President, new resolution, LR 71 offered by Senator

April 7, 1989

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

CLERK: Nothing further, Senator.

PRESIDENT: Senator Lindsay, please.

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

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

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

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

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

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

SENATOR WARNER: Initially.

PRESIDENT: All right.

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

April 10, 1989

LB 84, 319, 541, 611, 630, 640, 646
651, 653, 653A, 705, 710, 762, 811
812

now and Select File. I will try and answer your questions, but now I just ask that we advance the bill.

SPEAKER BARRETT: The question is the advancement of LB 611 to E & R Initial. All in favor vote aye, opposed nay. Have you all voted? Please record.

CLERK: 36 ayes, 1 nay, Mr. President, on the advancement of LB 611.

SPEAKER BARRETT: LB 611 is advanced. Anything to read in, Mr. Clerk?

CLERK: Mr. President, Enrollment and Review reports LB 319 to Select File with E & Rs, LB 640, LB 651, LB 541, LB 653, LB 653A, LB 630, LB 811, LB 812, LB 710, and, LB 646, all to Select File, some have E & R amendments attached. (See pages 1615-22 of the Legislative Journal.)


Senator Conway has amendments to LB 84 to be printed; Senator Hall to LB 762. Senator Abboud would like to add his name to LB 705 as co-introducer. (See pages 1622-28 of the Legislative Journal.) Mr. President, that is all that I have.

SPEAKER BARRETT: Thank you, and the Chair would like to remind members of the briefing on the pharmacy school to be held at this hour in Room 1019. Senator Chizek, please.

SENATOR CHIZEK: Mr. Speaker, I would make a motion we adjourn until April 11th at 9:00 a.m.

SPEAKER BARRETT: You have heard the motion to adjourn until tomorrow morning at nine o'clock. Those in favor say aye. Opposed nay. The ayes have it. Motion carried. We are adjourned. (Gavel.)

Proofed by:


LaVera Benischek

May 22, 1989

LB 683, 683A, 705

SENATOR WARNER: Mr. President, I said I would withdraw it. I have a couple of points I forgot to mention...

PRESIDENT: You are withdrawing it now.

SENATOR WARNER: ...Senator Landis, but since I forgot to mention them I'll let them go.

PRESIDENT: Okay, it is withdrawn. Mr. Clerk, do you want to read the bill.

CLERK: (Read LB 683 on Final Reading.)

PRESIDENT: All provisions of law relative to procedure having been complied with, the question is, shall LB 683 pass with the emergency clause attached? All those in favor vote aye, opposed nay. Have you all voted? Have you all voted? Record, Mr. Clerk, please.

CLERK: (Read record vote as it appears on pages 2652-53 of the Legislative Journal.) 39 ayes, 8 nays, 2 present and not voting, Mr. President.

PRESIDENT: LB 683 passes with the emergency clause attached. LB 683A with the emergency clause attached.

CLERK: (Read LB 683A on Final Reading.)

PRESIDENT: All provisions of law relative to procedure having been complied with, the question is, shall LB 683A 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 2653 of the Legislative Journal.) 39 ayes, 8 nays, 2 present and not voting, Mr. President.

PRESIDENT: LB 683A passes with the emergency clause attached. LB 705 with the emergency clause attached.

CLERK: Mr. President, Senator Moore would move to return the bill for purposes of striking the enacting clause.

PRESIDENT: Senator Moore, please.

SENATOR MOORE: Yes, Mr. President and members, just like Senator Warner's motion on the last bill. I want to make a few brief points and if the introducer of the bill want to use some of my opening to respond, that is fine, and then we will withdraw it and vote on the bill. I think it is important that we point out once again just what indeed LB 705E does. It is the bill, if you remember, basically stems from the purchase of art by Joslyn Art Museum a couple of years ago that after it was purchased they realized that, I honestly forget the dollar purchase now, what it amounted to, but after they purchased it they realized there were sizeable amount of sales tax have to be paid. And it is the intent of this bill, since they have already made the first of their five payments, the next four years would be forgiven some sales tax. I first rise to oppose this bill on a civil matter precedent. Here it is, someone made a purchase knowing full well what exactly the law was and due to the fact that it is a variety of people that have strong feelings about the, how good Joslyn Museum is to the State of Nebraska that we should exempt the sales tax they pay on this art. I think it is bad precedent when we decide that after the fact to make a change in our sales tax exemption to appease someone, I just think that is bad precedent. I wouldn't mind so much if this bill was a bill that exempted it from here on out, I could live with that. But I think it is extremely bad precedent when you are saying to someone, yes, even though you purchased it knowing you have to pay the sales tax, if you get the right people in society and the right lobbyist behind the glass, you can get sales tax forgiven. I think that is a bad precedent right there. That is the first reason for opposing it. The second reason is the amount of dollars we are talking about here. I feel that it could better... directed towards some other place in the arts in Nebraska and we know we passed with two other bills basically it had a significantly good impact on the arts in Nebraska. First LB 262, and we all know what that does for the Omaha community on the lodging tax. Second, it does, as you pointed out, that in LB 813, the Appropriations Committee increased, the Appropriations Committee recommendation and then with the body's approval increased the aid budget to the Nebraska Arts Council by approximately 13.2 percent in 1989-90 and 29.3 percent in '90-91. And so that now that aid, the total General Fund appropriations of the Arts Council has doubled in the last three years. I'll repeat that. The total General Fund appropriations to the Arts Council has doubled from \$584,000 in '87-88 to now at the end if the

biennium it's a \$1.1 million, in total General Fund appropriation. See I am not against the arts in any way shape or form, I think the Legislature has done a good deal for the arts in Nebraska. For that reason I think, for one if you really wanted to spend this amount of money, which you are actually doing, you better spend it in some other place, and two, I think it is a tremendous dangerous precedent we signal to the society as a whole, that if you get the right people behind you, you can get your tax forgiven after you knew full well when you purchased it what it would be. Now obviously the major argument for this bill is the fact that the museum here in Lincoln, I can't, the name escapes me off the top of my head, the Sheldon Art Gallery, the... purchases there are exempt, that is good. I think it would be good policy to exempt art purchases at Joslyn from here on out, but I think to pass this bill after the fact is bad precedent and a bad mistake. I urge the body to vote against it and if there is any response, the introducer of this bill would prefer they could have the balance of my closing and then I would withdraw the bill. (sic)

PRESIDENT: Thank you. Senator Hall, please, followed by Senator Landis and Senator Lindsay. Senator Hall please.

SENATOR HALL: Thank you Mr. President and members, I appreciate Senator Moore's sharing of his time on the motion to return the bill to strike the enact clause. I appreciate the fact that he is going to let the body vote on it, up or down either way. The fact is that everything that Senator Moore laid out is true, that this is an issue that there is a purchase of art by the Joslyn regard to the collection that was on loan there by the Exxon Corporation and that the purchase was in the neighborhood of four to five million dollars. With that went the cost of sales tax that, at the point in time that the agreement was reached was applicable. The contract is spread out over five years, the first payment has been made, sales tax on that has been paid. What LB 705 does is says that from this point forward, as Senator Moore had asked that any purchases related to the purchase of art in the State of Nebraska be exempt from the sales tax. No other state in the nation, no other state in the nation levies a sales tax on the purchases of art that go into a not-for-profit museum such as the one that Joslyn has. The Sheldon gallery that he spoke of very accurately is related to the University, so it is exempt as it should be, and I think that really the only other fine art museum in the state, and I don't say this in any derogatory manner with other museums, but

there are the two, there is Sheldon and there is Joslyn. I think they are both well renowned for the displays and the exhibits that they are able to bring to Nebraska for everyone to appreciate and to take part in. It is a question of losing some tax base. Outside of the specific purchase that we are talking about here, the loss in revenue is no different than the revenue, or it is equivalent to the bill that dealt with allowing for sales tax exemption for the state fair. On average the figure of sales tax is paid annually, runs in the neighborhood of \$14,000 to \$15,000. So, outside of this one time special instance where there was a display of extreme importance and magnitude with regard to western art that had traditionally and always had been a part of the Joslyn collection, there will not be a long-range impact with regard to loss of the sales tax base. I would urge you to support LB 705E as you have in the past. I think it does provide for a statement that says, we understand that art in this area is important to the state and when it is dollars that come from donations that support this, that those dollars are best spent when they are spent on the acquisition of this art rather than paying a sales tax on it because it is in our best interest, as the overseers of the state, that these not-for-profit entities have the ability to continue to exist and use their resources in a most valuable and wise way and that being the expansion of these collections and not have that hampered by the sales tax. So I would urge you to support LB 705E on Final. Thank you, Mr. President.

PRESIDENT: Thank you. Senator Landis, please, followed by Senator Lindsay.

SENATOR LANDIS: Mr. Speaker, I just want to take 30 seconds to let the entire body know, to let the Omaha delegation know, to let Senator Lindsay know, and to let Senator Hall know that it is with deep unalloyed joy that I get a chance to vote for this tax exemption to specifically assist the very worthy work of the Joslyn Art Museum. Thank you.

PRESIDENT: Senator Lindsay, please, followed by Senator Crosby.

SENATOR LINDSAY: Thank you, Mr. President and colleagues. Just a couple of quick comments with regards to Senator Moore's arguments. First of all, I don't think it can quite be stated that this is a retroactive bill. This bill does only apply to any installments that are due after the date the bill becomes

effective. Joslyn has already paid one installment and has paid sales tax on that installment. They are not coming in and asking for a rebate or anything like that. This is on prospective payments. I don't think we are setting a bad precedent. I think we are doing what the state should be doing and that is setting tax policy for future payments. Number two, the idea of purchasing the collection first came along when in August of 1988 is when the down payment was made on it. If you recall this Legislature was not in session and Joslyn could not have done anything at that time. ENRON made its request that the collection either be purchased or returned within a short period of time. Joslyn had no choice but to do what it had to do to preserve for Nebraska one of the finest western art collections in the world. Number three, as Senator Hall stated, Sheldon Art Gallery is already tax exempt. Nebraska is one of the, if not the only state, it is one of the very few states that charges sales tax on a...for a nonprofit art gallery. And finally, I think what is important here is that if we go to the collection itself, we are talking about an extremely fine collection. We are talking about a collection that Nebraska should be proud of. It is a collection, Nebraska has always been proud of its pioneer, of its western heritage. We have the museum of the prairie pioneer, we have got Pioneer Village in Minden, we have got Ft. Robinson, we have got a lot of facilities in which we exhibit the pride of our heritage. This collection is just that. It is to exhibit...it exhibits the pride of our heritage. I think it is important that we enable or give this type of benefits to Joslyn so that it might continue showing that type of an exhibit. I would urge you to vote in favor of the bill.

PRESIDENT: Thank you. Senator Crosby please.

SENATOR CROSBY: Thank you Mr. President and members. I simply must, I just want to say a few things to clear up a couple of things that I think were misconceptions in a couple of things that were said in the opening statements. To begin with this collection, as others have said before me, second to none in the great plains area. I call it great plains art because we are all great plains states. It is part of our heritage and history. The Gilcrease Museum in Tulsa is the closest place that I would know of that you could go to see anything comparable to this collection that ENRON has allowed the Joslyn Museum to keep and raise the money to keep. The Remingtons and other pieces of art are without comparison in the art world.

Sheldon in Lincoln is a twentieth century museum, an art gallery of twentieth century art, concentrates on that, was built for that. It is a twentieth century building. And one of the things I should remind you it is on state property, state owned property so helping Joslyn in this way I think is a good way to help them with, and give them maybe a benefit somewhat that Sheldon has. The other thing, the Nebraska Art Association is a nonprofit group which raises the money and supports Sheldon Gallery to purchase the art. I don't think Joslyn, Joslyn is a nonprofit organization in its own right and has to raise the money to purchase whatever art they can. The Arts Council, the Nebraska Arts Council, the appropriation for them is mostly for their operating expenses and the operating expenses of arts organizations. They do not give money to buy things or build buildings. It is all for operating expenses, for expenses for projects and so on. I just wanted to...they pay artists, they help pay the salaries of symphony players and all through the operating budgets of all of those organizations. I just wanted to mention those things because I think it would just be really be a tragedy, I'll use that word, to lose that collection in Omaha. So, I have supported this bill from the beginning and I will continue to. Thank you.

PRESIDENT: Senator Langford please.

SENATOR LANGFORD: Call the question.

PRESIDENT: The question has been called. Do I see five hands? I do. The question is, shall debate cease? All those in favor vote aye, opposed vote nay. Record, Mr. Clerk.

ASSISTANT CLERK: 30 ayes, 0 nays to cease debate, Mr. President.

PRESIDENT: Senator Moore, please.

SENATOR MOORE: Just to clear up a little bit of confusion and then I'll withdraw the amendment. I'm not quibbling about the importance of Joslyn Art Museum or this particular piece of art that we are talking with this bill. The fact of the matter is that I just personally have a problem when you exempt something retroactively. I don't care what Senator Lindsay says, if you are just talking about purchases from here on out would be one thing, but we are talking about purchases that happened a couple of years ago and exempting their tax, I think, is just bad

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precedence. It is as simple as that. If the bill just talked about purchases from here on out, I'd be obviously supporting it. And as far as a particular piece of art, Senator Crosby, I agree with you totally. I think this is a...I'm very lucky that Nebraska has this, but whether or not Nebraska will keep this is not in question here. The purchase that was made, the purchase was made a few years ago knowingly at that time that a sales tax would have to be paid. And also, Senator Crosby, only a small fraction of the money that goes to the Arts Council, about.... roughly less than a third of it actually goes for operations, the other two-thirds goes to aid throughout the state to finance art programs. So it is not like that million...that \$1.1 million is just paying people. That is paying for a lot of art related programs across the state. I think the arguments have been fairly well laid out. Like I said, I think this is bad precedent. I'd urge the body to vote against LB 705E.

SPEAKER BARRETT PRESIDING

SPEAKER BARRETT: It is withdrawn. Mr. Clerk.

CLERK: (Read LB 705 on Final Reading.)

SPEAKER BARRETT: All provisions of law relative to procedure having been complied with, the question is, shall LB 705 with the emergency clause attached become law? Those in favor vote aye, opposed vote nay. Have you all voted? Have you all voted? Thirty-three votes necessary. Have you all voted if you care to vote? Senator Lindsay.

SENATOR LINDSAY: I think... Oh.

SPEAKER BARRETT: Record please.

CLERK: (Read record vote as it appears on pages 2654-55 of the Legislative Journal.) 33 ayes, 14 nays, 2 present and not voting, Mr. President.

SPEAKER BARRETT: LB 705AE passes. LB 710.

CLERK: Mr. President, Senator Schmit, would move to return the bill for purposes of striking the enacting clause.

SPEAKER BARRETT: Senator Schmit, please.

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LB 84, 630, 640, 653, 653A, 683, 683A
705, 710, 739

we continue to raise those monies so we can operate state government at a healthy level. Even though we have expended additional dollars this year and, as many would like to say, gone hog wild, I don't believe we have. I think what the Legislature has done is prudently address each and every issue, whether it be the budget or capital construction, and made decisions and made decisions based on information that they had. And I think we made good decisions. I don't agree with them all. Many of you don't agree with certain decisions that we made. The fact of the matter is that we deliberated and debated those as a body. A majority of the body felt that those expenditures needed to be made. We made them. Now what we need to do is protect the base that brought us the ability to make those expenditures, protect that base, not just for today but on into the future. I would urge you very strongly to return LB 739 to strike the enacting clause because it is not a bill that I think at this point in time we need to pass. Should the revenues continue to flow in as they have in the past in some of our one-time expenditures, as in LB 84, and the capital construction budget go away, revenues continue to come in...

SPEAKER BARRETT: Time.

SENATOR HALL: ...maybe we need to address the issue of reducing that income tax bracket. But, at the least, if this should fail, I have an amendment up to strike Section 2 which would be the two credits which break new ground, as I said before, dealing with the issue of loss of the base and that I would hope at least the body would address. But today, at this moment, I would urge you to return this bill to Select File so the issue of 739 can basically go away and we can pay for the, I think, good public policy that we advanced over the last week. I would urge the return of the bill.

SPEAKER BARRETT: Thank you. While the Legislature is in session and capable of transacting business, I propose to sign and I do sign LB 630, LB 640, LB 653, LB 653A, LB 683 and LB 683A, LB 705 and LB 710. Discussion on the motion to return the bill to Select File offered by Senators McFarland and Hall. Senator Abboud, followed by Senators Wesely, Lamb, Nelson and Hefner.

SENATOR ABBODD: Mr. President, colleagues, I oppose any attempts to return this bill because I feel that any amendments that are attached to this bill at this late a date in the