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

for the record, Mr. Clerk, at this time?

CLERK: I do, Mr. President. Mr. President, your Committee on Judiciary whose Chair is Senator Chizek reports LB 42 to General File; LB 44, General File; LB 708, General File; and LB 110 as indefinitely postponed. Those are signed by Senator Chizek.

Mr. President, Revenue committee whose Chair is Senator Hall reports LR 2CA to General File; LB 607, General File with amendments; LB 775, General File with amendments. Those are signed by Senator Hall. (See pages 690-91 of the Legislative Journal.)

Health and Human Services Committee whose Chair is Senator Wesely reports LB 610 to General File with amendments. (See page 691 of the Legislative Journal.)

Mr. President, Report of Registered Lobbyists for this past week as required by statute. (See page 692 of the Legislative Journal.)

I have amendments to be printed to LB 408 by Senator Barrett.

Mr. President, communication from the Governor to the Clerk. (Read communication regarding signing of LB 35, LB 36, LB 38, LB 53, LB 79, LB 123, LB 190, LB 51, LB 60, LB 189, LB 207, LB 45, LB 168 and LB 169. See page 693 of the Legislative Journal.)

Mr. President, your Committee on Enrollment and Review reports LB 140 to Select File with E & R amendments attached. (See page 693 of the Legislative Journal.) That's all that I have, Mr. President.

PRESIDENT: We'll move on to LR 29, please.

CLERK: Mr. President, LR 29 was offered by Senator Langford. It's found on page 656. (Read resolution.)

PRESIDENT: Senator Langford, please.

SENATOR LANGFORD: Mr. President and colleagues, I offer this resolution with a great deal of joy because this gentleman plays cards and plays golf with Jack, my husband, every day, practically, in the summer. He has been instrumental in the

SPEAKER BARRETT PRESIDING

SPEAKER BARRETT: Good morning, ladies and gentlemen. Welcome to the George Norris Legislative Chamber where our opening prayer this morning will be handled by Pastor Mel Luetchens, Director of Interchurch Ministries in Lincoln. Pastor Leachens. (Gavel.)

PASTOR LUETCHENS: (Prayer offered.)

SPEAKER BARRETT: (Gavel.) Thank you, Reverend Luetchens. We look forward to your return. Roll call.

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

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

CLERK: No corrections, Mr. President.

SPEAKER BARRETT: Messages, announcements, reports?

CLERK: Mr. President, I have a priority bill designation by Senator Beck, choosing LB 775 as her priority bill for this Ninety-First Legislature, First Session. I have amendments to be printed to LB 360 by Senator Schellpeper. (See pages 893-94 of the Legislative Journal.)

Mr. President, LR 35 is ready for your signature.

And the last item, Mr. President, is a report of the minutes of the Board of Public Roads and Classifications and Standards. That report will be on file in my office. That's all that I have, Mr. President.

SPEAKER BARRETT: Thank you. While the Legislature is in session, I propose to sign and I do sign LR 35. To the matter of confirmation reports, Mr. Clerk.

CLERK: Mr. President, Senator Schmit, as Chair of the Natural Resources Committee, offers a report regarding the appointment of Mr. Mark Anthony to the Games and Parks Commission. Senator, your report is on page 885 of the Journal.

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

That's all that I have, Mr. President.

PRESIDENT: Thank you. While the Legislature is in session and capable of transacting business, I propose to sign and do sign LR 32 and LR 43. Move on to resolution LR 42.

CLERK: Mr. President, LR 42 offered by Senator Rod Johnson, found on page 971 of the Journal. (Read brief description of LR 42.)

PRESIDENT: Senator Rod Johnson, please.

SENATOR R. JOHNSON: Mr. Speaker and members of this distinguished body, it is with a great deal of pleasure that I take this time to sponsor this resolution on behalf of Nebraska Wesleyan University's men's basketball team. I think the resolution is fairly self-explanatory. The Nebraska Wesleyan team has made three appearances in the NCAA Division III Final Four in the past five years. Unfortunately, on Sunday they were beaten out of the opportunity to make a fourth appearance in California but, in any case, I wanted to take this opportunity, after we honored the Creighton basketball team, to honor another distinguished champion of Nebraska, the Nebraska Wesleyan basketball program for the fine job that they have done through the years. Having been a short power forward for the Nebraska Wesleyan team back in the late seventies, and slow, when it was nice to win four or five ball games, it's great to see the program turn around, since I played, and become a champion. And I guess at this particular time I would like to honor them and to congratulate Coach Schmutte and his players on a fine season and I think a legacy that will carry on in future years at the institution. Being a former alumni of that distinguished program, I think it's my honor to bring this resolution and honor the program and the institution. Thank you.

PRESIDENT: Thank you. The question is the adoption of the resolution. All in favor vote aye, opposed nay. We're voting on the Rod Johnson resolution. Have you all voted? Record, Mr. Clerk, please.

CLERK: 25 ayes, 0 nays, Mr. President, on adoption of LR 42.

PRESIDENT: The resolution is adopted. We will move on to General File, LB 775. Senator Lindsay, are you prepared to

take this bill or should we wait until the other sponsors get here?

SENATOR LINDSAY: I think you might check with Senator Hall.

PRESIDENT: Oh, Senator Hall is going to...okay, Senator Hall, please.

SENATOR HALL: Mr. President, LB 775 is a bill introduced by Senators Beck, Lindsay, Labedz and Hall. (Read title.) The bill was introduced on January 19, referred to the Revenue Committee. The bill was advanced to General File. I do have Revenue Committee amendments pending.

PRESIDENT: Are you going to take the committee amendments too, Senator Hall?

SENATOR HALL: Yes.

PRESIDENT: Okay, Senator Hall.

SENATOR HALL: Thank you, Mr. President, and members, the bill, LB 775 becomes the committee amendments as were adopted by the Revenue Committee following the hearing on the bill. The bill deals with the issue of the tax that is levied on bingo. Senator Beck's bill, that is her priority bill, was brought to the committee and asked for a reduction in...of 1 percent in the state tax and 1 percent in the local or the city tax. Currently, the tax on bingo is 10 percent. Nebraska has the highest tax on bingo of any state in the nation. It's highest by far and away. I think the next closest competitor is right at 6 percent, so Nebraska has a wide gap there between the next highest taxing state with regard to bingo. Many states that allow for the conducting of bingo by charitable organizations impose no tax at all. Senator Beck's bill was amended by the Revenue Committee to leave the state tax, which is 6 percent, intact and to take the 2 percent that is shown in the committee amendments out of the city's portion. Now the other part of the committee amendment is that it would only apply to the City of Omaha. As you remember, there have been a couple of times where myself and former Senator Vard Johnson would and have attempted to reduce the tax that the cities collected. We met with much opposition specifically from the League of Municipalities and this committee amendment reflects my frustration with losing that battle time and time again. It is specifically targeted at

the City of Omaha. You might ask, why? I'm sure that question will come up. Well, there are a couple of reasons. In 1982, the decision was made that there would be a beginning of a shift with regard to regulation of charitable gaming, would move from the cities who at that time had total control over it or responsibility for it to the state. That shift gradually took place. It was a joint effort for a couple of years and then effective in 1986 total and complete with the gaming gaming division...development of the gaming division within the Department of Revenue, total responsibility and control for regulation oversight, accounting, auditing, whatever, shifted from cities and was totally the responsibility of the state. At that time because of the fact that the cities did have the basically political muscle to retain that tax and in some of the smaller communities, even though the dollar figures were not large, it did amount to a difficulty for them to take any kind of hit on their budget. Recognizing that, the committee adopted the amendments as you have them before you which only take...have...call for a reduction in the tax within the City of Omaha. The City of Omaha collects more tax on bingo than the entire state, the rest of the municipalities put together. The tax that the City of Omaha collects, and they collect this for doing absolutely nothing, is nearly $1 million. Because there is a provision that allows for the 4 percent, the state collects 6 percent of a tax on bingo and the cities, because of the time when they used to be involved, collect 4 percent, but currently have to do nothing to collect that. There was testimony to that effect both at this hearing and a hearing that was held by the General Affairs Committee yesterday. They continue to receive that money. Now, what would happen should we adopt this committee amendment and we pass the bill? There would be no impact except to the City of Omaha. They would...their tax would be cut in half. They would receive right around one-half of a million dollars for doing absolutely nothing except being in the right place at the right time and not having this tax removed at the time that there was a shift from their regulation to total regulation and oversight by the state. The statutes read that the...and one could even argue that the tax in itself is unlawfully collected because the statutes read...we talk about the level of tax, we're in the bingo provisions, and it reads, "The proceeds from the tax shall be used to pay for the costs of regulation and enforcement of the Nebraska Bingo Act." It spells out clearly that that is what the tax must be used for. Now, there are occasions when, especially in the smaller communities, where there may be a need at some time to use law

enforcement. I do not intend to offer an amendment to expand this, leave it within the City of Omaha. But there was testimony to the effect yesterday that only once since 1986 have the Revenue Department, the Gaming Division, had to call on local officials in the City of Omaha for any support or any help with regard to regulation and oversight on bingo laws and that was one time where they had to come in and close down a game. And the only reason they asked for the police to be there is because in case there was any opposition, any folks who decided that they did not want to stop this game or wanted to continue to play, any outbursts from some of the retired folks who traditionally play bingo. I guess they were looking for crowd control support. But they did have to call one time in the approximately five years that they have had virtually complete oversight on these rules and regulations. One time in five years, to me, does not justify a million dollars a year when we're dealing with an issue such as the bingo tax. It is excessive, it should be reduced. And at the hearing on LB 775 there was a letter distributed to the committee members from Fred Conley who is the City Council President. Mr. Conley endorsed LB 775 and supported it. With that, Mr. President, I offer the committee amendments which change LB 775 in that the reduction in the tax is solely at the expense of the City of Omaha and it would be at the level of 2 percent which would mean the tax would be reduced from 10 to 8 percent. Thank you.

PRESIDENT: Thank you. Senator Moore, please.

SENATOR MOORE: Yes, if Senator Hall would yield to some questions, please.

PRESIDENT: Senator Hall, please.

SENATOR MOORE: The way I understand this, the bill with the committee amendments will affect just cities of the metropolitan class, the City of Omaha, correct?

SENATOR HALL: Correct.

SENATOR MOORE: And the impact to the City of Omaha would be how much?

SENATOR HALL: Between 400 and $500,000 a year.

SENATOR MOORE: The impact to the City of Omaha would be that

much?

SENATOR HALL: That's correct. They collect over $800,000 a year on this 4 percent bingo tax that they do nothing to, you know, earn.

SENATOR MOORE: So you're talking about the City of Omaha, half a million dollars, $400,000?

SENATOR HALL: That's correct. They have received that, Senator Moore, as basically a gift because they were in the statutes...previously when they did provide enforcement, they earned it, but for the last four years they have done nothing with regard to enforcing it.

SENATOR MOORE: The gift is kind of like the city sales tax I pay when I go to Omaha, too, I guess.

SENATOR HALL: Well, Senator Moore, you know, it is unfortunate that we have a sales tax, I guess, but they...in this case, it is a tax that is paid by the charities and the idea behind charitable gaming is to allow charitable operations the ability to raise some funds. The tax should be there and should be imposed for the state, in my opinion. But with regard to the city, itself, we don't wipe it out completely, we just give them half a million dollars.

SENATOR MOORE: Well, just how would you propose they would make up...the City of Omaha would make...where would...I guess they have to cut their budget by a half a million dollars?

SENATOR HALL: Senator Moore, I would guess that they would cut the budget that deals with the enforcement...regulation and enforcement of the Nebraska Bingo Act by half a million dollars. And since they do no regulation and enforcement, I think it would be easy for them to basically eat that half a million dollars.

SENATOR MOORE: So you like this, as long as they don't cut the appropriation for the zoo by a half a million dollars, you're fine.

SENATOR HALL: Senator Moore, they can cut the appropriation to the zoo, I don't care where they take it out of. They shouldn't take it out of the charities.

SENATOR MOORE: Okay. No further questions.

PRESIDENT: Thank you. Senator Rod Johnson, followed by Senator Beck.

SENATOR R. JOHNSON: Mr. President and members, as Senator Hall has outlined, we did hear LB 660 yesterday afternoon with a variety of other bingo and pickle card bills. LB 660, however, is a very comprehensive bill that covers both bingo and pickle regulations and operations and also deals with those who can operate bingos and those who can sell pickles. It also deals with the taxes on both of those products. And I think that the committee is in agreement that something needs to be done with both the tax and addressing the issue of who should qualify for participation in bingo and operating pickle sales in the state. And it would seem appropriate to me that we deal with this entire issue of both pickle and bingo in one bill as opposed to piecemealing as we're doing here with LB 775. It's just ironic that we heard those bills yesterday and yet today we're just talking specifically of bingos, but I think if any of you had sat through the hearing yesterday afternoon, you would have heard all of the various charitable organizations come forward and tell you what a good job they have been doing. And I don't think anyone on the committee who heard the testimony yesterday would complain that they haven't been doing good things for the variety of charitable interests throughout the State of Nebraska and specifically Omaha. But my point is if we're going to take time on this issue, then I would prefer to take time on LB 660 and I realize it's not on the floor, it's not a priority bill, however, I guess my point is I would prefer to see this entire issue be discussed in LB 660, which is Senator Lynch's bill, and possibly this bill, LB 775 could be amended to include most of the provisions in LB 660 that agreement has been reached. Yesterday, the Department of Revenue did come in and indicate that they had no problem making adjustments in some of the tax on both pickles and bingo. I guess, right now, however, we're talking about committee amendments which cut into the amount that the City of Omaha can collect on pickles...or on bingos, and I guess I have some problems with that even though I'm not a resident of Omaha. You know, yesterday we heard a variety of people come up and pick on Ak-Sar-Ben. Ak-Sar-Ben doesn't pay any tax, as many of you know, and it seems like that was an easy argument to make that while we're overtaxing bingo and pickles, we're not taxing Ak-Sar-Ben at all. However, Senator Labedz, in 1984, did sponsor LB 701 which was brought to her by the City of

Omaha to place a tax or get part of the tax that was then being paid by Ak-Sar-Ben to be paid to Omaha. That bill was killed by the Revenue Committee but it was, in fact, an attempt to recognize that Omaha does incur expenses to have Ak-Sar-Ben in Omaha and that there are expenses such as roads and traffic control that are necessary to keep up during the racing season and I think that they recognize that there were expenses and I think that we have to recognize that the City of Omaha does have expenses, that they do, in fact, have to pay for enforcement. As Senator Hall said though, there's only been one situation and that might have been isolated. But, really, my point is could we not...and I guess I will ask Senator Hall this question if he would yield.

PRESIDENT: One minute.

SENATOR R. JOHNSON: Senator Hall, would you be amenable to an amendment to include most of the provisions of LB 660 in 775?

SENATOR HALL: Senator Johnson, I think that question might be more appropriately directed toward Senator Beck. It's her priority bill. She did...she is on the floor at present.

SENATOR R. JOHNSON: Sure.

SENATOR HALL: You know me, I would like amendments, but...

SENATOR R. JOHNSON: Okay. I will ask Senator Beck then because she did...she does serve on the General Affairs Committee and she did hear LB 660 yesterday. Senator Beck, would you consider an amendment on Select File that would include most of the agreed provisions of LB 660 and LB 775?

SENATOR BECK: I would certainly be...or Senator Moore...or Senator Johnson, I'm sorry, I would certainly be amenable to that and we could sit down and discuss that. Again, we would have to take Senator Lynch and those people that are on 660, I think, into consideration to make certain that we were all in agreement and in sync on it. But I would not be against that, no.

SENATOR R. JOHNSON: Okay. Let me ask you this, are you supportive...

PRESIDENT: Time is up, Senator Rod Johnson.

SENATOR R. JOHNSON: Okay.

PRESIDENT: Senator Beck, please.

SENATOR BECK: The first thing that I would like to say toward this...toward the amendment is that our figures are not correct and this may put some of the urban senators feeling a little bit better, at least, about Omaha. The correct figures from July 1, 1987 to June 30 of 1988, bingo gross receipts for Douglas County, which is primarily the bingo games in Omaha, was 10 million...the receipts were $10,082,365, which means that at 4 percent the city tax, Omaha city tax, was $403,294 and a 2 percent reduction would just result in a loss of $201,647 to the City of Omaha. Now, that sounds as if it's a considerable amount of money and I'm sure it is, but I believe, especially from the testimony that we heard yesterday, that that is a fair amount and I just wanted to correct those figures. The Pages are passing out some materials to you that have been collected on this bill. It's a very simple bill and, again, I would be amenable to amendments to it, but it's a bill that came in from direct constituent input. I wanted to make it simple. I wanted to make it as easy as possible on everyone. I don't think any of us mind paying a tax if we get a service and we're not...they're not getting a service and so that's what I would have to say at this moment unless there are questions of me.

PRESIDENT: Thank you. Senator Landis.

SENATOR LANDIS: Thank you, Mr. Speaker, and members of the Legislature, I don't know if you saw in your committee listings or not but I voted for the bill out of committee. This is a reversal for me and I guess I can tell you a little bit of what went into my vote. I sat in the Revenue Committee hearing and normally I have opposed measures like this but Councilman Conley came in, said basically Omaha didn't need the money, that it was an acceptable arrangement as far as he was concerned and I took that to be the word of Omaha. I did not hear opposition from the lobbyist for Omaha. I took that as a pretty close signal. Frankly, in the back of my mind, I was thinking LB 346, the private school tax credit bill, is coming up and I don't think I'm probably going to be amenable to that. On the other hand, here is a measure that puts $200,000 back into the hands of people who are running private schools and the like in Omaha.

Clearly, they've got some difficulties, closed some doors, probably needed to keep those opportunities available and this is a way in which those people who participate in bingo create the funds themselves. It's not a general tax mechanism. If there is no heavy influx of public dollars that we're offsetting with this, as I think Senator Hall indicates and I would agree with, and if it's a way of funneling money to people who are probably really in need of that money, among them the private schools and the like, it seemed to me to be a reasonable adjustment to make so long as we were talking about an arrangement between the City of Omaha and the Revenue Committee. This was not a shared perspective from other communities. It was the perspective of the Omaha community at that moment. I supported it in committee and I intend to support it now on General File. Thank you.

PRESIDENT: Thank you. Senator Hall, please, followed by Senator Labedz.

SENATOR HALL: Mr. President and members, I apologize, I looked in my file and looked at a figure and it was a figure for the total taxes collected at the municipal level so I apologize for that. Omaha collects half of that which would be 400 as opposed to...a little over 400 as opposed to over 800. So the numbers that Senator Beck and Senator Landis gave you with regard to the quarter of a million dollars that the city would approximately lose are accurate numbers. The amendment, as it is offered, is one that I think is appropriate, whether the, to be quite honest with you, the city supports it or opposes it, the City of Omaha in this case. They basically stated that they don't have any problem. They understand the need to allow these charitable organizations to be able to raise more or use more of the funds that they raise for the purposes that they initiate these types of games as opposed to having the...having them pay a tax to the city that the city says that it does not need. Now, at some future date when the city decides to change its mind, I guess I would want to raise that issue again as what's happened between now and Select File which oftentimes when they realize we're serious down here they will have a change of heart. So I do believe that it is something that because it has been on the books we have kind of let it go. It is an extremely excessive tax with regard to other types of charitable gaming as it is taxed across the country, specifically in the case of bingo. Bingo, as many of you know, is the...what's oftentimes called the loss leader for the sale of pickle cards for many of these

organizations. They basically break even, at best, on bingo and they pay their prize money, they pay their taxes and what little money they are able to raise through the sale of pickle cards is what they use on their good deeds. I would urge that the committee amendments be adopted because it does affect a vast majority of the bingo games and charities that exist in the City of Omaha and would provide for additional funds in this area that the city, themselves, admit that they do not have the funds to supplement these organizations with. I would urge the adoption of the committee amendments.

PRESIDENT: Thank you. Senator Labedz, please, followed by Senator Hartnett.

SENATOR LABEDZ: Thank you, Mr. President. I, too, rise in support of the committee amendments and definitely, as co-sponsor of LB 775, I support LB 775. Yesterday when we were discussing in committee LB 660 I asked the Tax Commissioner whether the City of Omaha...usually they say that revenue is needed because of police and fire protection and I asked the Tax Commissioner whether or not at any time the police department was called at a bingo game. And he said, yes, on one occasion, and that was when they were closing down a bingo game that they thought was operating illegally and so in all the years that they've been receiving the tax, the bingo tax, they only had called out the police once. I even made the remark that the bingos that I attended recently, most of the people attending there were senior citizens and I didn't think that there would be any rioting or any need to call the police department to a bingo game and he admitted that, that that was the only time that they ever called the police department for fear that there may have been a confrontation in closing down the bingo game. So I strongly support the committee amendments. I also strongly support reducing the tax, not only for the state but for the cities. Thank you.

PRESIDENT: Thank you. Senator Hartnett, please.

SENATOR HARTNETT: Mr. President and members of the body, I think that I also support the committee amendments, also support the bill, because I serve on both the Revenue Committee and also the General Affairs Committee and also, as Rod Johnson said yesterday, we did hear LB 660 which, you know, is the big pickle and lottery bills, we've heard these all the time. Another thing that has occurred and we have a keno bill and we're going

to...General Affairs is going to have a meeting today, but what we're doing as part of an amendment that was offered by the Revenue Department is that we are going to give...authorize...the State Tax Commissioner shall employ investigators and inspection, who shall be appointed as Deputy State Sheriffs by the Governor, who shall, upon calling for such office, possess all the powers which attach to such office except the powers and duties restricted in enforcement of the Nebraska Bingo Act. So what we're doing is we're simply taking some of the authority...the state is taking over through this some of the authority of the local body. So, with that, I support this amendment and, really, the cities, as Senator Labedz and Senator Hall said, there's only been one case in the City of Omaha and I think there's been less cases in my city. So support the amendment, support the bill. Thank you.

PRESIDENT: Thank you. Senator Bernard-Stevens, please.

SENATOR BERNARD-STEVENS: Thank you, Mr. President. Senator Hall, could I interrupt you just briefly to ask a couple of questions?

PRESIDENT: Senator Hall, would you respond, please.

SENATOR HALL: I'll try.

SENATOR BERNARD-STEVENS: Senator Hall, my understanding, in conversing with you briefly on the subject, is that Lincoln would collect on the city tax portion at this point about half of what Omaha does and the rest of the state combined would take...it would be about what Lincoln does. Is that correct?

SENATOR HALL: That's correct, Senator Bernard-Stevens. The total revenue that's collected at the municipal level is approximately a little over 800,000. Omaha collects a little over 400,000, Lincoln I think is approximately in the neighborhood of 200,000 and the balance is collected across the state.

SENATOR BERNARD-STEVENS: Thank you, Senator Hall. Also, bingo is played in other places besides Omaha, we have established, I mean, Lincoln does play for charitable purposes and throughout the state there are other areas that play bingo for charitable purposes as well. Is that correct? But the bill would not take away the city collection in those areas at this time. Is that

correct?

SENATOR HALL: The committee amendments, if adopted, would not...would not take that revenue away from any other municipality other than that of the City of Omaha and the City of Omaha would still retain 2 percent which would be $230,000 approximately.

SENATOR BERNARD-STEVENS: Senator Hall, just to continue a couple of other questions on it, the City of Omaha has stated in your committee hearing and the Department of Revenue that they did not need the funding since the Department of Revenue was, in fact, doing the enforcement part of it and the administration part of it. Would the same be true for the City of Lincoln or Scottsbluff or Alliance or whoever that may be that the cities there do not need the money because the Department of Revenue is also taking care of the administration and enforcement?

SENATOR HALL: That would be absolutely accurate, Senator.

SENATOR BERNARD-STEVENS: Then if an amendment were offered to the committee amendments or to the bill that would eliminate the collection of the city tax across the board because there is no need, it is my understanding that the League of Municipalities would not be very acceptable to that type of amendment, even though it would be consistent in regard to policy. Is that correct?

SENATOR HALL: That's my understanding. That's been my experience as well.

SENATOR BERNARD-STEVENS: Yeah, mine too. Senator, could you give me...enlighten me a little bit of why...what the League of Municipalities' arguments would be of why they want to maintain a tax and retain the funding for purposes that they do not...the cities do not need because they have no administrative role in this?

SENATOR HALL: Well, Senator Bernard-Stevens, because it's there, I mean, it's the old "Willie Loman Law". I mean, the money is coming in, they're not going to turn it down and they're going to mount whatever effort necessary to fight any amendment that would...or any bill that would provide for reduction in their base. It's clear that at the smaller communities there may be more involvement with regard to

services. I'm not...I don't have a clear grasp of that, to be honest with you, so I don't...I don't know. I doubt that there would be any more involvement than there has been with regard to the City of Omaha and I have never seen crowd control an issue at a bingo game when you're dealing mostly with retired individuals. But some communities feel that that funding, that revenue is necessary for them. They did not come in and say, we should...we would like to have the tax reduced or we have no problem with the reduction in the tax. The City of Omaha did and I think that they clearly understood that basically the gravy train had to stop at some point...

PRESIDENT: One minute.

SENATOR HALL: ...and were willing to support the bill.

SENATOR BERNARD-STEVENS: Senator Hall, one last question. It's my understanding that the League appeared in opposition to the bill. Is it your understanding that opposition is heavy to the amendment that is being discussed at this point, the committee amendments?

SENATOR HALL: I don't understand that there is any opposition to the committee amendments on the part of the League.

SENATOR BERNARD-STEVENS: Then I guess my final question would be if there is no opposition by the League in regard to the largest municipality in regards to a large amount of...well, within a couple hundred thousand dollars that we have, why would there be any further opposition if we extended it to the rest of the state where we're talking even less amount of money?

SENATOR HALL: Well, I think, again, Senator, that the issue is one of we have the revenue coming in, it's been coming in and we don't want to lose any revenue. And, as you get down to the smaller communities, even though you're talking about smaller amounts, the impact may be greater. I have...I have been willing to say I can agree with that argument and I won't address the issue as it deals with some of those smaller communities because, even though the numbers are smaller, the impact is that much greater. In the case of the City of Omaha they have stated that they don't need the money and in this case I would tend to agree.

PRESIDENT: Time.

SENATOR BERNARD-STEVENS: Thank you, Senator Hall.

PRESIDENT: Thank you. Senator Rod Johnson, please, followed by Senator Crosby. Senator Crosby, please, followed by Senator Moore.

SENATOR CROSBY: Thank you, Mr. President, and members of the Legislature, as I have listened to these questions from David Bernard-Stevens I am making up my mind to vote against this amendment and if it had a domino effect on Lincoln and the other municipalities, I certainly will vote against it. I disagree strongly about the law enforcement part. It may be that they don't have any big rage because maybe they're all old people down there playing bingo. I understand that part of it. But you do have fire protection, the emergency services that only the fire department and those people are...I don't think that Roger Hirsch from Revenue is going to run down there and take care of somebody if they have a heart attack. I think you will all agree with me on that. So I do feel that I don't like the idea that the city doesn't do anything for this. The city protection services are there. Quite often these bingo games, no matter who runs them, are on tax-free property because they're nonprofit groups and I do think that the City of Lincoln and all the other smaller cities deserve to have some of this come back. I'm not going to put any figures in but I don't think that you should knock this. I can't believe that Omaha, that anybody in Omaha would say they don't need the money. Surely, it's part of their budget and I just...I'm not going to vote for this amendment and I will not vote for any amendment that says that Lincoln and the other municipalities will be cut out of this altogether. So I hope everybody else would do that too. Thank you.

PRESIDENT: Thank you. Senator Moore, followed by Senator Beck.

SENATOR MOORE: Yes, Mr. President and members, I, once again, rise and I hesitate to get involved in an issue that with the committee amendments is simply an issue that deals just with the City of Omaha. But as I'm sitting here listening to the debate this morning, I guess I need to ask Senator Hall a question.

PRESIDENT: Senator Hall, please.

SENATOR HALL: Yes.

SENATOR MOORE: Now, am I correct that the City of Omaha, you said Commissioner...Councilman Conley came in and said, fine, they could live without the $200,000? Is that what was said?

SENATOR HALL: Councilman Conley wrote a letter, submitted it to the members of the committee and said that he was in support of LB 775.

SENATOR MOORE: Well, I guess the problem I have is, I mean, the second thing is your argument is that the City of Omaha shouldn't keep this if they don't do anything for it. Correct?

SENATOR HALL: Correct. That's been my argument in the past.

SENATOR MOORE: Well, there's another bill floating around this year, LB 683, which deals with cigarette tax for cities that, you know, Omaha doesn't want the money now but they want money for the cigarette tax and they don't do anything for that one either, I guess. And so I know you're not a co-sponsor now (interruption).

SENATOR HALL: No, I'm not.

SENATOR MOORE: But I guess I'm asking you, am I wrong in thinking that the rationale should apply to both of them then?

SENATOR HALL: Yes.

SENATOR MOORE: Yes, I'm wrong?

SENATOR HALL: Yes. (Laughter.)

SENATOR MOORE: Okay, that's fine. That's all I need. I wanted to make sure I was wrong when I said that.

SENATOR HALL: Okay.

PRESIDENT: Senator Beck, please, followed by Senator Bernard-Stevens.

SENATOR BECK: I think it's time that we answer some of the questions that the folks have had. And, certainly, if you were to talk probably to other members of the City Council and the City Lobbyist from Omaha, they would say, well, yes, we do too

need that money. I think they probably would, at this point, they would argue about that. And, certainly, Senator Hall nor I, nor anyone else on the bill wants to hurt the City of Omaha but we're looking at an issue here where we're using, first of all, this is money and we're only...they're receiving $400,000 a year, as of the last accounting period, we're cutting that $200,000. That money will directly go back to the charities to be used within the Omaha community. You have been passed out from the Pages an entire scenario on this bill. First, with a letter from Fred Conley, you have all the facts and figures as to the rate of Nebraska's bingo tax being the highest, and so forth. We have called...or we have letters included in the packet from various departments within the city telling us that, first of all, they haven't done any...had to be called to bingo parlors. It tells you that the bingo license fee is $10.00 annually. They receive an annual bingo license fee in addition to the tax money that comes in. I think we see also that we have talked to the fire inspection and asked them about the costs. At the very most, we found that any cost to the City of Omaha, at the very most, is about $7,900 per year and if you will read through the packet, you know, that will better explain to you what their costs are. And I think...I believe in the fact of private dollars. Private dollars, that $200,000 injected back into the Omaha community will do more than an equal amount of $200,000 on the city level and this money is collected for inspection and for enforcement and it's not being set aside for that. Two hundred thousand dollars is an ample amount for the city to use in connection with the reasons for having those inspections and other things. Two hundred thousand dollars is an ample amount for that and I think that $200,000 sent back directly to the charities...and some of you might say, well, no, it won't go to the charities, it will be taken by the operators, that's not true, because they have to keep such a strict amount of accounting. Yesterday we heard people say how...what hypocrisy is involved in this particular taxing system. And so I would like to lay Senator Crosby's fears at rest and ask you to vote for the amendment.

PRESIDENT: Senator Bernard-Stevens, please, followed by Senator Rod Johnson.

SENATOR BERNARD-STEVENS: Senator Beck, would you yield to a question at this point?

SENATOR BECK: Yes, sir.

SENATOR BERNARD-STEVENS: In the hearing that you had on 775, did the City of Omaha testify?

SENATOR BECK: The hearing was held in the Revenue and I...that was...remember that day, Senator, it was a terrible day and there was no one down from the City of Omaha to testify in person.

SENATOR BERNARD-STEVENS: My understanding was Fred Conley made it down.

SENATOR BECK: Well, he has obviously talked to Senator Landis, perhaps personally. I...I don't...didn't see him there that day but then you remember this is my first bill and so I was understandably very nervous. (Laughter.)

SENATOR BERNARD-STEVENS: I understand that perfectly. Senator Beck, I guess what I wanted to say, it's my understanding that the Omaha City Council will be meeting today and this is on their agenda to come up with a position on whether they would support or not support. What would your position be on the bill if the City of Omaha voted not to support this particular piece of legislation by a relatively large majority?

SENATOR BECK: Well, I guess if that question were reversed to you, you would probably say it's my bill, it's a direct constituent bill, I need to stand for those people who have asked me to help out their charities. I would have to say that I love the...I love Omaha, I love the City Council members but I would have to still say that I want to go forward with this bill.

SENATOR BERNARD-STEVENS: Senator Beck, one further question. Would you be amenable to an amendment at a later time that would do the same that you're trying to do for Omaha if we made that across the board?

SENATOR BECK: I would not be...I would be amenable, in other words, I would be willing to negotiate but I have a feeling, in all due respect to the rest of the members of the body, perhaps including yourself, that they might not be willing to negotiate because of the...

SENATOR BERNARD-STEVENS: And, Senator Beck,...

SENATOR BECK: ...effect on their cities.

SENATOR BERNARD-STEVENS: Senator Beck, could you also explain to me why it would be...if, in fact, there is no real administrative cost to the bill in the majority of the cities, if...why it would be good to do it for one and yet not the others?

SENATOR BECK: Well, I will be very frank with you, Senator. We're certainly...my intent, if you look at the original bill, was to make it across the board, 1 percent to the state, 1 percent to the city. I felt that was a minimal amount, a modest amount, and that was fair. But, in looking it over and in turning it over to the committee, I think that we feel that perhaps the greater Nebraska reaction would have been harsh against it had it come to their own city and not without having the ability to serve...you know, to visit with all the senators on it, we felt perhaps that since we, in Omaha, were very much concerned about it that we would limit it to Omaha. But, again, I have always been willing to negotiate as long as I see money going back, private dollars going back into the community.

SENATOR BERNARD-STEVENS: Thank you, Senator Beck. Senator Hall, would you yield to one final question?

SENATOR HALL: Yes.

SENATOR BERNARD-STEVENS: Senator Hall, would you be...at this point, do you think you might favor an amendment that would do the following, that would make the...eliminate the cities' tax collected across the board, however, would put in an option that if cities can justify what their administrative costs are on it and explain what they're doing and why they have administrative costs, to give them the option of still being able to collect the tax?

SPEAKER BARRETT PRESIDING

SPEAKER BARRETT: One minute.

SENATOR HALL: Would I? No, Senator Bernard-Stevens, because these...I'll tell you what, the issue has been debated now for approximately four years and to answer your question, the League has had...they have had the political muscle to keep that tax

on. I did not want to fight that political muscle because it was a no-win situation. The City of Omaha has said, in effect, okay, we're willing to look at this. Yes, there is a need there on the part of the charities. We will give up a portion of this tax. Whether they vote again and say no at this point makes no difference to me. The issue is still clear that they have stated it's not something that they need and that the provisions in LB 775, as amended by the committee amendments, are good provisions and allow for that money to flow where it's most needed and that's to the charities.

SENATOR BERNARD-STEVENS: Thank you. Thank you, Mr. President.

SPEAKER BARRETT: Thank you. Senator Rod Johnson, on the committee amendments, followed by Senator Haberman.

SENATOR R. JOHNSON: Mr. President and members, I would like to ask Senator Beck a couple of questions.

SPEAKER BARRETT: Senator Beck, would you respond?

SENATOR R. JOHNSON: Senator Beck, as I have been listening to your responses to previous questions, I take it that your goal here is to lower the tax on bingo operators. Is that correct?

SENATOR BECK: Well, they're taxed on their gross profit and, of course, that's not bingo opera...well, I guess it's bingo operators. Yes, but primarily those are, well, I would say all of them are charitable organizations, various churches, VFW, that type of thing. So, yes, I guess that's...I do want to lower the tax on their gross profit so that they will have more of their gross proceeds so that ultimately they will have more profit to put back into their organization.

SENATOR R. JOHNSON: As I read the original bill, your goal was to lower the tax for both the cities and the state. As the committee amendments now stand, that would only include Omaha. As I said, you, I guess, are in agreement with Senator Hall and the Revenue Committee that the city has no right to tax the bingo games being played in Omaha. Is that correct?

SENATOR BECK: Oh, no. No, I think we need to go back on that one, Senator Johnson. Yes, they have...they have a...well, I don't want to say they have no right. I mean, the state now has that right. At one time the city had the right and we're just

trying to be fair. We felt that from our research that in one year it looked as if it costs about $7,900 for the city to maintain their enforcement or their services or whatever for the bingo operations overall. Well, if you take that $7,900 from half or $200,000, the city would still, over and above, have $193,692 that they could use for anything else. I'm not asking for the entire 4 percent. I'm really trying to be fair.

SENATOR R. JOHNSON: Yeah. But if we eliminate all the tax on the city's portion of the tax, they will be collecting no revenue to support their services to the city. Is that correct?

SENATOR BECK: They would have no money for the 7,900, yes, that's true. And we figure that the $193,000 is a bonus, in a sense, because they're not...they're not, obviously, using that money for any kind of service, such as fire or rescue squads or anything of that kind. But it's there if they should need it. I'm just asking for 2 percent, which I think is a fair amount.

SENATOR R. JOHNSON: Okay. Senator Moore would like the remainder of my time, Mr. Speaker.

SPEAKER BARRETT: Approximately two minutes, Senator Moore.

SENATOR MOORE: Yes, Mr. Speaker, once...I hesitate once again but I need to ask Senator Hall one more question.

SPEAKER BARRETT: Senator Hall, please.

SENATOR HALL: Yes.

SENATOR MOORE: After you so soundingly defeated my logic on the "Murph" bill, I went and looked a little further and found LB 796, which Senator Hall is a co-sponsor, which would give General Fund appropriation to Metro Area Transit, $130,000 for construction of two transit centers and some money for some 50 bus shelters and I guess you can rob Peter to pay Paul but how will you let the city keep this money and let them finance those bus shelters? Will my logic be wrong there as well?

SENATOR HALL: Yes, it would. Again, Senator Moore, you would be "0 for 2" and the reason here is that that money that would allow for those bus shelters and that transit authority would be matched then in turn by some federal monies and it would allow for that, I think, to be doubled, tripled, or quadrupled, I

can't remember what the equation is, to be real honest with you, so that they would get matching funds from the federal government to help complete that construction, because you clearly understand as a member of the Appropriations Committee...

SPEAKER BARRETT: One minute.

SENATOR HALL: ...that that money is nowhere near any amount necessary to provide for either those bus shelters, those buses or any of those other needs that the City of Omaha provides for visitors who come in and ride those various buses, stand in those bus shelters or whatever types of other services that are provided for them.

SENATOR MOORE: I understand that, Senator Hall, I just wanted to make sure that since there was one bill where you want to take money away from the City of Omaha and another bill where you want to give General Fund money to the City of Omaha, I just wanted to clarify the difference between the two bills.

SENATOR HALL: I want to help them take the money away as they have offered to let us do.

SENATOR MOORE: Okay. Okay.

SPEAKER BARRETT: Senator Haberman, please, Senator Moore on deck.

SENATOR HABERMAN: Mr. President and members of the body, I have three questions for Senator Hall.

SPEAKER BARRETT: Senator Hall, would you respond?

SENATOR HABERMAN: Senator Hall, I will take them one at a time.

SENATOR HALL: Thank you, Senator Haberman.

SENATOR HABERMAN: The City of Omaha has funded approximately $170,000 for the Lafern Williams Center, St. Vincent DePaul Society and the Salvation Army.

SENATOR HALL: Uh-huh.

SENATOR HABERMAN: Now would you suggest that the City of Omaha

cut the funding of those programs to make up the shortfall caused by the bingo tax reduction?

SENATOR HALL: Senator Haberman, none of those charities run a bingo game, to my knowledge. As a matter of fact, I'm positive that none of those operations run a bingo game. They also provide services to the city or the residents of the city that are not provided by some of those charitable organizations, specifically schools that do run bingo games. So to answer your question, the answer would be no.

SENATOR HABERMAN: Senator Hall, you would not want the city to cut their funding.

SENATOR HALL: Right.

SENATOR HABERMAN: However, is the city receiving some of their funding possibly from the bingo tax?

SENATOR HALL: For those specific purposes?

SENATOR HABERMAN: Well, for their budget to be used in any project they want.

SENATOR HALL: Well, of course, they are. My second question is, would you support the City of Omaha raising local taxes to make up the difference and/or the loss in the bingo tax?

SENATOR HALL: Senator Haberman, there is no need for the city to raise their taxes. With the passage of the previous LB 775, all the growth and the industry that has going in the City of Omaha, there is absolutely no need. Their budget is going to grow dramatically over the next couple years.

SENATOR HABERMAN: Senator Hall, would you...

SENATOR HALL: ConAgra alone is going to bring in three to 500 new employees.

SENATOR HABERMAN: Senator Hall, would you say that the revenue to the City of Omaha is going to be less revenue if we adopt a bingo tax reduction, in the tax? Is the city going to receive less or more money?

SENATOR HALL: For what, Senator Haberman? Overall in their

budget?

SENATOR HABERMAN: Overall, yes.

SENATOR HALL: I would argue, no.

SENATOR HABERMAN: Well, then if they're...the city will not receive less money if we lower the bingo tax?

SENATOR HALL: I think that if, in 1989 on March 7th, if we adopt this committee amendment, that if you look at the budget today in the City of Omaha, come back this time next year, the city's budget will be greater than it currently is. The revenue collected will be greater for the entire city, yes.

SENATOR HABERMAN: Well, I have one more question then. Would the State of Nebraska have to bail out Omaha if they get into financial trouble again, like they have in the past, for example, the half cent sales tax for Omaha, which I voted for, and for 775 of two years ago?

SENATOR HALL: Senator Haberman, you mean would they...the state allow them to collect a tax so that they could basically tax the residents?

SENATOR HABERMAN: Will they be back to the Legislature if they get in financial trouble again?

SENATOR HALL: I don't know. You would have to ask the city lobbyist.

SENATOR HABERMAN: Well, I'm asking you as you seem to be their leader on the Revenue Committee.

SENATOR HALL: Senator Haberman, I think they're in great shape because of the passage of 775 a couple years ago. That's what the Chamber tells me, that's what the city officials tell me and it looks like it's a very prosperous position for the city and that's why I think they supported this.

SENATOR HABERMAN: Well, then, Senator Hall, why are you asking for approximately a $200,000 revenue loss for the Omaha entity to buy arts if they've got all this money?

SENATOR HALL: Senator Haberman, the issue that you're talking

about is again...

SPEAKER BARRETT: One minute.

SENATOR HALL: ...dealing with a charitable organization and both of these issues deal with who collects the tax, who pays it. Do we take the tax and, in essence, rob the charities? I don't think so. I don't think it makes sense because then, in turn, you have exactly the example with your first question that you asked me...should we then reduce monies that the government gives to some of these charities? I don't think it makes any sense. If you don't tax them, you allow them the ability to raise funds themselves so they don't have to come to government to ask for monies. It only makes sense especially in this provision when there are no services provided for the taxes currently received. Thank you.

SENATOR HABERMAN: Thank you, Senator Hall.

SPEAKER BARRETT: Thank you. Senator Moore.

SENATOR MOORE: Mr. Speaker, I move the previous question.

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

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

SPEAKER BARRETT: Debate ceases. For closing on the adoption of the committee amendments, Senator Hall.

SENATOR HALL: Mr. President and members, again, the issue is a reduction in the bingo tax from 4 percent collected by the City of Omaha to 2 percent. The issue has been raised by a number of members who clearly come to the defense of the City of Omaha and I hope they will be there at other times, Senator Moore, but the issue is one of not does the city need the money. It's a little over $200,000. It is not a significant impact by any stretch when you're dealing with a budget of over $200 million. So that's what we're talking about, a minuscule amount with regard to the dollar figure. But what we're talking about in LB 775 in the committee amendments is the tax is unfairly collected and unjustly due. The tax is not a tax that provides for services that have been rendered, so to speak. It's a tax that was in

place when the cities, of course, did provide for the regulation with regard to bingo and, at that point in time, they very justly deserved it. What this does is it cuts in half the amount of money that the City of Omaha receives because they do nothing for it. The state currently regulates all gaming activities and the City of Omaha, they collect 450,000, approximately, for doing nothing because the tax was on the books and it's not easily given up and I don't blame them. But, at this point in time, they have shown support for a reduction in this tax. I think it's appropriate that we allow it. It will not hurt the City of Omaha and at some point in time they may be back here and they may want to reinstate this tax. But I don't think that, in this case, it is justifiable because the provisions that are laid out in the statutes with regard to the bingo tax is that it go for the oversight and the regulation of the bingo operations. That's where it should go. The question is more appropriately addressed at the issue of we're not hurting the City of Omaha but by not adopting this amendment we're hurting those charities who need these dollars in order to function. I would urge the adoption of the committee amendments. And, Mr. Speaker, I would ask that the balance of my time be given to Senator Beck who has chosen LB 775 as her priority bill.

SPEAKER BARRETT: Two and a half minutes, Senator Beck.

SENATOR BECK: Thank you, Mr. Chairman, and thank you, Senator Hall, and I appreciate your assistance on these amendments. Again, it's a simple amendment, it's a simple bill. It is the result of direct constituent input. What else can I say? I think that we need to talk about private dollars here for just a minute. This money will go back...directly back to those charities. They will use it in such things as this, food pantries, children's recreational games, the support of schools, they will use it for senior citizens. We have...I visited bingo games, incidentally, this issue is not about...it's not about gambling, it's not about stealing money from municipalities. It's simply the return of private dollars. We would have to...in the city, we would have to pick up these programs anyway, and they do, they have some fine programs. But we are...all of us should realize that private dollars are much more efficient and that's what this bill is about, to put those dollars back in their hands. They have a strict accounting. You know exactly where they spent the money and I think if you would have been at the hearing yesterday and heard the success

stories from the use of these dollars in the private sector, we wouldn't be arguing over the amendment...

SPEAKER BARRETT: One minute.

SENATOR BECK: ...or over the bill. Again, I would just urge you to adopt the amendment and get on to passing this bill that will affect a great many people in Omaha and will help in these areas, in the urban areas that really need the assistance of these people who use the private dollars to such a great degree.

SPEAKER BARRETT: Thank you very much. You have heard the closing and the question is the adoption of the committee amendments to LB 775. All in favor vote aye, opposed nay. Have you all voted? Voting on the committee amendments. Have you all voted, if you would care to vote?

SENATOR HALL: Mr. Speaker.

SPEAKER BARRETT: Senator Hall.

SENATOR HALL: I think that there are a few people who are off the floor and in order to expedite, I would ask for a call of the house and accept call in votes.

SPEAKER BARRETT: Shall the house go under call? That is the question. Those in favor vote aye, opposed nay. Record.

CLERK: 16 ayes, 1 nay to go under call, Mr. President.

SPEAKER BARRETT: The house is under call. Members, please return to your seats and record your presence. Members off the floor, please return. Members, please return to your seats and record your presence. Senator Robak, would you please check in. Senator Conway, please. Senator Hannibal, please. Senator Schmit, please. Senator Hannibal, please, the house is under call. Call in votes will be accepted.

CLERK: Senator Haberman, please.

SENATOR HABERMAN: I would like to ask for a roll call in regular order, please.

SPEAKER BARRETT: A roll call in what?

SENATOR HABERMAN: Regular order.

SPEAKER BARRETT: Regular order. That is in order. Will members please sit in their seats in preparation for a roll call vote. Proceed, Mr. Clerk.

CLERK: (Roll call vote read. See pages 1006-07 of the Legislative Journal.) 25 ayes, 18 nays, Mr. President, on adoption of the committee amendments.

SPEAKER BARRETT: The committee amendments are adopted and the call is raised. Mr. Clerk, anything further on the bill?

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

SPEAKER BARRETT: That being the case, the Chair is pleased to take this opportunity to announce that Senator Rod Johnson has some very special guests. Under the south balcony, we have Yuki and Maki Machino and Eiko Sieto from Tokyo, Japan, with Mrs. Omer Troester of Hampton. Would you ladies please stand. Thank you. We're very pleased to have you as our guests this morning. For the record, Mr. Clerk.

CLERK: Mr. President, new resolutions, LR 46 by Senator Baack. (Read brief description of LR 46 as found on page 1007 of the Legislative Journal.) LR 47 by Senator Conway. (Read brief description of LR 47 as found on page 1008 of the Legislative Journal.) LR 48 by Senator Langford. (Read brief description of LR 48 as found on page 1008 of the Legislative Journal.)

Mr. President, Education offers notice of confirmation hearing. (See page 1009 of the Legislative Journal regarding appointment of J.L. Spray to the Coordinating Committee for Postsecondary Education.)

Your Committee on Business and Labor offers a corrected Standing Committee report to LB 605, and reports LB 698 as indefinitely postponed, both of those signed by Senator Coordsen.

Government Committee reports LB 135 to General File; LB 324, General File; LB 702, General File; LB 136, indefinitely postponed; LB 246, indefinitely postponed; LB 402, indefinitely postponed, all signed by Senator Baack as Chair. That's all that I have, Mr. President.

SPEAKER BARRETT: Thank you. Back to the bill then, Mr. Clerk, as amended. Senator Beck, the Chair is pleased to recognize you if you would like to explain the bill then at this point.

SENATOR BECK: Again, thank you. Thank you, Chairman, and members of the Legislature, the bill is essentially...the way now that it's amended, it will remove 2 percent of bingo tax receipts and that amounts to about $200,000 from the city revenues of Omaha, but, looking at private use of dollars, those dollars are extremely well spent. They will be put back into the city. These people are doing a tremendous job with their private dollars. They use...they have food pantries. They are involved in children's recreation. They're involved in providing recreation for senior citizens, about 20,000 some senior citizens, or more, play bingo and get a lot of recreation out of it. For the city to develop similar programs would probably cost more to the city and have the intent of raising the local property tax and none of us want to see that. I think we have spent a great deal of time on this bill through the amendment. I think there has been some misunderstanding. Again, it's a direct constituent input. It's a need. I have visited the programs and I guess some people would say, well, we don't like to see that money go back because it's based on charitable gaming. But the problem is...or the situation is that that's accepted in the state and it is enforced. We have checked on the figures. We see that the enforcement is still contained in the amount of money that would go back to the municipality of Omaha. And these people are also doing anything and everything to maintain their programs. They are using a lot of volunteers, perhaps not in the actual bingo operation but they're using volunteers and I think if you could just see what they are accomplishing with a few dollars, you would realize that this is a bill that should be passed to give them some relief. And so I would ask that we spend no more time on it, that we would pass LB 775.

SPEAKER BARRETT: Thank you very much. Discussion on the advancement of LB 775. Senator Chambers, your light is on. Did you care to discuss it? Followed by Senators Johnson and Beck.

SENATOR CHAMBERS: Mr. Chairman and members of the Legislature, I would like to ask Senator Beck a question or two about the bill, as amended, if I may.

SPEAKER BARRETT: Senator Beck, please, would you respond?

SENATOR BECK: Yes, sir.

SENATOR CHAMBERS: Senator Beck, this bill deals only with bingo. Is that correct?

SENATOR BECK: Yes, sir, it does.

SENATOR CHAMBERS: Is bingo gambling?

SENATOR BECK: It is according to the Nebraska Gambling Act, Bingo Act, yes.

SENATOR CHAMBERS: In your opinion, is bingo gambling?

SENATOR BECK: Well, I would have to agree with the law, sir.

SENATOR CHAMBERS: You said that this bill, you offered it because of constituent input. Is that correct or did I mis...?

SENATOR BECK: Yes, sir. No.

SENATOR CHAMBERS: Could you tell me who the constituent was?

SENATOR BECK: There have been several.

SENATOR CHAMBERS: Could you give me an example of some of them?

SENATOR BECK: All right. I was directly approached by a church,...

SENATOR CHAMBERS: Which church?

SENATOR BECK: ...the VFW, and...

SENATOR CHAMBERS: Which church?

SENATOR BECK: ...the Little League.

SENATOR CHAMBERS: Which church?

SENATOR BECK: It's a church in my district, sir.

SENATOR CHAMBERS: There's nothing wrong...is it a legitimate church?

SENATOR BECK: Yes, sir, it's extremely legitimate. It has been there for a long time.

SENATOR CHAMBERS: Does it have a name?

SENATOR BECK: Yes, it does.

SENATOR CHAMBERS: May I have the name.

SENATOR BECK: You most certainly may, Senator Chambers. It's Holy Name.

SENATOR CHAMBERS: Thank you. Members of the Legislature, and some people are not going to like this, but the truth is the truth. We will have, in a lot of instances, posturing about the evils of gambling. If you talk about playing cards, shooting craps, betting on sporting events, then come all of the statements about the evils of gambling. And when I recommend a bill to allow sports betting I don't do it by saying this is going to help the churches, this is going to advance education, this is going to help the elderly and the poor and I'm going to take a very evil thing and hide it behind something which I want you to see is good to justify that evil. I never did that. But yet the people in this body will not support that kind of gambling. But everyplace you find certain churches, you find a gambling operation. Now, what they are trying to do with this bill is to get more money out of the gambling and I think it's impossible to bring a clean thing out of an unclean thing. I believe that the Legislature either should allow gambling for everybody or gambling for nobody. And I'm going to observe, as we proceed with this session, to see how we deal on these various issues. Senator Beck, are you still on your feet?

SENATOR BECK: Yes, sir, I am.

SENATOR CHAMBERS: Okay, may I ask you one more question.

SENATOR BECK: Most assuredly.

SENATOR CHAMBERS: Senator Beck, do you see gambling as a moral issue?

SENATOR BECK: I don't think that really has...it doesn't matter, Senator Chambers, what I think about gambling. It is

accepted in state law.

SENATOR CHAMBERS: I understand but I respect your opinion. Do you see gambling as a moral issue?

SENATOR BECK: It's...the moral issue put aside, Senator Chambers, I don't know what you want me to say so that you can continue on, but I really enjoy this discourse with you. The thing of it is, this is a constituent input. It's my only bill that I did all by myself. It's my priority bill and may I appeal to your sense of charity this morning.

SENATOR CHAMBERS: Senator Beck, when I'm in this mood Scrooge is a bleeding-heart liberal compared to me.

SENATOR BECK: But what about the kinder and gentler year we were going to have, Senator Chambers?

SENATOR CHAMBERS: Senator Beck, I don't have any more questions of you. (Laughter.) Senator Beck is very, very smooth and I think we can all see the quandary...

SPEAKER BARRETT: One minute.

SENATOR CHAMBERS: ...that these types of issues put us in. We know that we cannot view gambling as a moral issue and support a bill like this. But if we're going to be opposed to another form of gambling, then it does become a moral issue in order that we can oppose that. Either gambling is a moral issue or it is not. My good friend, my good young friend, Senator Hall, would agree that if we were going to deal with this issue on a basis that Thomas Aquinas would establish, we would look at the essence of the matter that we're dealing with and base our judgment on that. And I think the conclusion is that gambling has been cast as a moral issue because the many have to lose in order that a few can win. The element of chance, the allure of it, are the things that have been viewed by some to be detrimental to a society and an undermining of the moral fabric, but because the church wants it then it takes on a different nature. So if the churches began to sell liquor, then...

SPEAKER BARRETT: Time has expired. Thank you, sir. Senator Rod Johnson, please.

SENATOR R. JOHNSON: Mr. Speaker and members, this morning's

argument has revolved around two basic premises, I guess, one is that the tax is unfair, it's too high and the City of Omaha doesn't really need the money because it really doesn't provide services to support bingo activities. The other argument, the argument that several have raised, including myself, is that by lowering the tax or, in this case, eliminating the tax for the City of Omaha, you lessen the dollars collected that go in...lapse into the General Fund of the city that support other services and I assume the loss of that revenue will be either picked up in property taxes or later picked up by this body in some state appropriation. I guess my concern is that that's what's going to happen. We're going to see some form of this state appropriations picking up some of the lost revenue that has been provided to the city through the bingo tax. I did not support the amendment. I probably...since the amendment now becomes the bill, I'm reluctantly going to not support the bill. However, I guess I would renew my call for this bill to serve as a vehicle to discuss the entire issue of bingo and pickles if there are enough votes to advance it to consider taking some of the provisions of 660 and putting them in here...in this bill. And I guess I...that's all I really have to offer but I still have concern with the fact that the revenue that has been collected for the city has been supporting services that are necessary to Omaha and I assume that that money is going to have to be made up someplace else and if people want to pick it up in property taxes, that's fine with me, but I assume that the state as a whole will share in that by picking up the increased appropriations through some program or services that we help provide for Omaha.

SPEAKER BARRETT: Thank you. Senator Beck, followed by Senator Wehrbein.

SENATOR BECK: Well, again, I have the same argument, proportionately it's a simple bill and it's a simple argument. Yes, I think the tax is unfair and I think that those that listened yesterday to LB 660 heard many people saying that and not just people from communities. These were lobbyists, state agency people saying that the tax is unfair, across the board it's unfair, and we're just talking about bingo tax here. I want to make certain that the senators understand that we're not eliminating the money that goes to Omaha. We are asking for a 2 percent reduction which amounts to $200,000 and in no way do we want to raise the property tax in Omaha, that's...we don't believe that's even conceivable, nor are we going to ask the

state for more money. That, too, is inconceivable. This is $200,000 that, people, it's not going to be dropped in a whole, it goes back to the charity. It is accountable...the charity is accountable for every cent they spend. You can go to their books and see where they're spending it. You can go to the bingo halls and see that they're not wild, riotous places. And this money is taken and it's used, every cent of it, in private work within the community. And so I would just ask again that you look on the bill with that in mind and I would hope that we can soon pass it and at least get it on to General File and we can talk about it later. It...you know, you can rise up against it later but I think we've spent a tremendous amount of time on a very simple bill this morning. And even though it's my baby, I would like to see us, you know, get it moved on. And that's all I have to say at this time.

SPEAKER BARRETT: Thank you, Senator Beck. The member from Plattsmouth, Senator Wehrbein.

SENATOR WEHRBEIN: Mr. President and members, I wasn't going to get into this but I would like to have those of you that don't live in Omaha to stop and think a minute about something that hasn't been brought up that I think you ought to consider. Those that run bingo operations in the rest of the state are going to ask you immediately, if not within a few weeks, why is it if you run a bingo operation in Omaha you get to keep more money than I do running a bingo operation in any other area in the State of Nebraska? The question will be, doesn't my operation spend its money just as legitimately for just as legitimate charities, for just as legitimate good functions, the Little League, but we cannot...we don't have as much money left at the end of each month as those that have in Omaha where they're keeping a greater proportion for their charities. So I think we're setting a policy here. Perhaps we are spending too much time but we are making a split within the state by saying that if you live in Omaha, you keep more money for your charity, for your operation than if you live in any other part of the State of Nebraska. So we are making a major policy shift even though it doesn't appear to be that at first glance. Perhaps the tax is not what it should be. We've been through this several times already. I would submit to you that what we are doing is not that unfair, that we ought to keep it uniform throughout the state and that we shouldn't be making this split and that we should continue exactly what we have been doing and that would amount to killing this bill.

SPEAKER BARRETT: Thank you. The member from the 42nd District, Senator Bernard-Stevens, followed by Senators Chambers and Nelson.

SENATOR BERNARD-STEVENS: Thank you, Mr. President, I, too, like Senator Wehrbein, had not intended to get involved with this particular bill. Senator Beck, you said you hoped that there wasn't any misinformation or misunderstanding and so I wanted to make sure that I understood the pros and cons of the bill. What I see the dilemma that the Legislature is in is really in two different areas, one, Senator Wehrbein I think stated pretty well and accurately is that if you have a bingo operation, for example, in Lincoln or in Scottsbluff or McCook or wherever, a certain percentage of their monies now, according to the bill, will have to go to the city or municipality for the city tax portion of the bill. Whereas, if I am in Omaha, with the passage of the bill, those charities will be able to maintain a higher percent of their profit because they do not have to, if the bill passed, give that percentage to the municipality. That's one issue. Should we have...why should one area be able to keep more than another area of the state? That's one issue. Another issue is a little bit broader. I think that a question that has been talked about very much this morning and that would be, why should we allow the city, any municipality, to collect money for administrative purposes if the bill that we passed last year on gaming specifically gave the Department of Revenue the administrative role in this matter? In other words, the cities do not have administration costs. Cities like South Sioux City may have an audit but they don't have to have that audit. The Department of Revenue could do that particular audit. So the question is, why should we allow cities to, if you wish, collect a tax money for court administrative services, to wit, the cities are not actually using that money for administrative services at all? Part of the things I had and what I liked best about your bill in the original form, Senator Beck, was that it said, since the cities and municipalities do not need the administrative cost because they have no administrative costs and if they do, the Department of Revenue would handle that for them, we should exclude all cities and municipalities in the State of Nebraska from collecting the tax because it's money taken from the people that the cities are, in fact, saying, we don't need it for the purpose that we're telling you we need it for. We need it for administrative purposes, that is why we are getting it, but we have no

administrative costs, therefore, in essence, it is a lie. We are collecting money for purposes of which we will spend it elsewhere, and we want to maintain this lie. And your bill was a good one because it abolished that lie and it, basically, said the cities and municipalities are going to have to be up front with the people and we are going to have to say, now we don't need that funds, we did need it for administrative purposes, we were taking it in false pretenses. We were using the money over here, therefore, since you have taken the money away from us, we are going to have to tax you in another legitimate form and tell you exactly where the money is going to go. That is what your original bill, 775, did. Now what we are saying is we are going to have a two-tiered approach again, philosophically. We are saying under 775, the committee amendments, that the City of Omaha is now going to say to its people, you are right, we didn't need the money, there are no administrative costs, and so, thus, it should go back to the charities, back to the people in those particular organizations, but the rest of the state, who also is under the same categories have not needed the money, they are going to continue to maintain those funds. Now I understand there is a lot of concern that if the committee amendments were not agreed to and all cities and municipalities were, indeed, kept barred from obtaining the funds that the League of Municipalities would become so unglued that every county treasurer in every county in the State of Nebraska would be writing crazily their senators and there would be so much opposition to this that the bill would die, and I understand that political reality. So let's limit, if we can, let's have some limitations here, we're going to help 92 county clerks, or, should be, county treasurers from not writing, and we will just keep the larger one, Omaha, and, philosophically, I have a problem with that and, quite honestly, Senator Beck, with those two things, I am not sure what I am going to do on the bill at this point.

SPEAKER BARRETT: One minute.

SENATOR BERNARD-STEVENS: But I think that would be a clarification of the two issues that are at hand. Thank you, Mr. President.

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

SENATOR CHAMBERS: Mr. Chairman, and members of the Legislature,

I would like to ask my very young friend, Senator Hall, who sits in front of me, a question or two if I may.

SPEAKER BARRETT: Senator Hall.

SENATOR CHAMBERS: Senator Hall, I am trying to bring some perspective this morning, and you are a man about town, very knowledgeable, forthright, and direct in answering questions, so I would like to put this query to you if I may. Would you answer.

SENATOR HALL: Surely, surely, Senator Chambers.

SENATOR CHAMBERS: Can you discuss a difference, if there is any, in handling of bingo and horse racing, as far as taxing those activities?

SENATOR HALL: Well, currently, presently, Senator Chambers, the bingo is taxed at 10 percent of the gross proceeds. There is no tax on parimutuel wagering or horse racing presently.

SENATOR CHAMBERS: May I ask you another question. What do they call the group of pudgy or fat men who wear silk stockings, powdered wigs, and carry on in a ridiculous fashion?

SENATOR HALL: The Supreme Court?

SENATOR CHAMBERS: Touche! No.

SENATOR HALL: I am sorry. I didn't let you finish your question, I apologize.

SENATOR CHAMBERS: And they have a court, it is a court, and it starts with a "Q"?

SENATOR HALL: Are you talking about possibly the Knights of Ak-Sar-Ben?

SENATOR CHAMBERS: That doesn't start with a "Q".

SENATOR HALL: The Kingdom of Quivira.

SENATOR CHAMBERS: Right. Now who runs that, the bingo people or the horse racing people?

SENATOR HALL: That is affiliated with the horse racing industry.

SENATOR CHAMBERS: Now is horse racing, through Ak-Sar-Ben, controlled by those people who we would consider bluestocking, upper crust, and so forth?

SENATOR HALL: By your definition, yes.

SENATOR CHAMBERS: Do the bingo operators have a similar function and activity where all of the stellar people in the society come and attend that?

SENATOR HALL: No, it tends to be a different clientele.

SENATOR CHAMBERS: There was a song called "Different Strokes for Different Folks", would you say this might be an example of that?

SENATOR HALL: Very likely, yes.

SENATOR CHAMBERS: Does it seem that in this society, at least in Nebraska, who you are determines whether the activity you engage in is gambling of the kind that needs to be taxed?

SENATOR HALL: In many cases.

SENATOR CHAMBERS: Does it also or might it also determine what kind of activity is considered gambling in the negative sense?

SENATOR HALL: Possibly. Not in my mind, but possibly.

SENATOR CHAMBERS: All right, now, I had made some reference to Thomas Aquinas, and I am not going to go into a discussion of anything that he has done or said specifically, but I would ask you a question. Based on the way you view gambling, is gambling, is gambling, is gambling?

SENATOR HALL: That is correct.

SENATOR CHAMBERS: Thank you. Members of the Legislature, you see how easy it is for Senator Hall to just answer directly to those questions. Gambling is gambling no matter who does it, no matter under what disguise, however, we slice it, it is gambling. Either, now he didn't go into this because I didn't

ask him the question, but he would had I, but I have run out of time. It is a moral issue all the way across the board, or it is not a moral issue anywhere. When they cast lots to see who was the bad fellow in the boat, Senator Beck, you know they came up with Jonah. When they were hanging Jesus up on the cross, they cast dice to see who was going to get his clothes. So we have always had this kind of activity but very rarely do we have the opportunity to consider it the way we are here today. Either we are dealing with a moral issue or we are not. If we are not dealing with a moral issue, then there is no reason to allow some to gamble, with the type they want to use, and prohibit others from engaging in the kind of gambling they want.

SPEAKER BARRETT: One minute.

SENATOR CHAMBERS: But I will tell you one thing in this last 60 seconds that I have. The only kind of gambling that the state approves of is the dumb kind, meaning that it is in the nature of a lottery, whether it is called pickle, bingo, horse racing, or whatever, where you have all of the odds stacked against you. The vast majority must lose in order that a few can win. Those who run the games skim theirs off the top first, and let the fools who do the gambling scramble for the rest of it hoping they are going to hit, and we know in the beginning they are not, but the kind of gambling such as on athletic events, where you can use some study, and have a 50-50 chance of winning from the beginning is made illegal because it is somehow immoral. That which is rational is immoral. That which is stupid is moral. To do such a thing is to equate orthodoxy with stupidity, and that has been the course of this and other legislatures throughout this country.

SPEAKER BARRETT: Time. Thank you. Senator Nelson, please.

SENATOR NELSON: Question.

SPEAKER BARRETT: The question has been called. Are there five hands? There are. Those in favor of closing debate please vote aye, opposed nay. Shall debate cease? Record, please.

CLERK: 24 ayes, 2 nays, Mr. President, to cease debate.

SPEAKER BARRETT: The vote has been announced. There was, obviously, a change at the last instant before that announcement was made. Under those circumstances, it does not cease at this

moment. Senator Beck, yours is the next light, followed by Senator Moore.

SENATOR BECK: Thank you, Mr. Chairman. I think that I have reached the point that I would like this light to be the last light, so I am hoping that someone will...can we call the question, again, sometime soon? That is a plea. The question today is not...it is not morality. This is a representative form of government. People, a number of them, not just one entity, not just one specific splinter group or anything of this kind, came to me and asked me, showed me their records, and asked me to support them, to represent them. That is all this is. And beyond that, I don't really know what to say or I thought this would...we have now reached about five minutes until eleven, and it seems as if we have been on this for a long, long time. Again, I would just like to see the bill, a closing here, move this thing on to General File, and we can work out some of these other problems later on. If I can, I would like to give some of my time to Senator Hall. Is he here? May I do that?

SPEAKER BARRETT: Senator Hall.

SENATOR HALL: What...I have got the balance of Senator Beck's time, I see. Mr. Speaker, members, the issue is, you know, one of reducing the tax. The tax here is probably one of the most unfair taxes that we have on the books today because the bingo tax is based on gross proceeds. We used to base our pickle tax on gross proceeds, but last year, in LB 1232, we changed that. We moved to a tax based on definite profit. So what we do in bingo currently is that you take all the dollars that are collected, and you take 10 percent of that away, and you give 6 percent to the state, who does all the work, 4 percent to the cities, who do nothing, and then there is 90 percent left that you use to pay your prizes out, to pay for your expenses, to pay any staff members that some organizations may have who are paid, to pay utility bills, whatever, pay rent, if they are in a rent situation. But it is probably the most unfair tax and we recognized that last year in the area of pickles because we moved to a tax on definite profit. What we do in 775, as it has been amended, Senator Beck's priority bill, is we move a little closer to easing the burden of that tax, and, granted, we do it only in the City of Omaha, but those other communities have fought to keep that because it is vital to their budgets. In the case of the City of Omaha, I would argue, and I have passed

out for you a letter from the President of the City Council, Mr. Conley, stating their support for the bill, and the fact that they, in themselves, feel that it is a regressive tax in many cases. I would urge the committee...

SPEAKER BARRETT: One minute.

SENATOR HALL: ...to advance LB 775 to E & R. The question of whether or not this bill could be a vehicle to address some of the issues, as Senator Johnson raised, with regard to other matters that need to be revised with regard to bingo and pickles I think is one that should be addressed on Select File and probably makes very good sense. But I would look at 775 as the first revision, the first revision. It has taken about five years to have it happen, but it is the first revision with regard to the issue of correcting what I would consider a very unfair tax. I would urge the body's advancement of LB 775 to E & R Initial. Thank you, Mr. President.

SPEAKER BARRETT: Thank you. Senator Moore.

SENATOR MOORE: Mr. Speaker and members, I was going to call the question, but after listening to Senator Beck and Senator Hall's statements, I think it is important to just...one other side of the story is pointed out here this morning. What we are really talking about, in my opinion, as I am one of those people that often thinks in terms of dollars and cents is we are talking about simply taking $200,000 away from the Omaha City Council, with Fred Conley's blessing. I don't think it is the Omaha City Council's blessing, evidently, but it is somebody's blessing on the Omaha City Council. It is $200,000, rightfully or wrongfully, you know, I don't know how right it is to collect cigarette tax and then pay to build parks with it, theoretically. And there are some other things there that, right or wrong, a tax source is always questionable, but if you pass LB 775 as now amended, as you are well aware of, it affects only the City of Omaha. It affects $200,000. Does it mean the City of Omaha is going to get $200,000, or does it mean the charitable organizations will get $200,000? That is $200,000. If you take it away from the City of Omaha, it is going to come from somewhere. It is going to come from us out of our General Fund, it is going to come from the Omaha property taxpayers, $200,000 just doesn't go up in smoke and go someplace else. So, I, briefly, wanted to point out before we just pass this bill in good humor maybe this morning by some of us, or in good faith

for Senator Hall and Senator Beck, let's look at what it actually means. That is one thing it does actually mean. I think it has to be pointed out for the record.

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

SENATOR HALL: I call the question.

SPEAKER BARRETT: The question has been called. Are there five hands? There are. Shall debate now cease? All in favor vote aye, opposed nay. Shall debate cease? Have you all voted if you would care to vote? Senator Conway, have you voted? Record, please.

CLERK: 27 ayes, 2 nays, Mr. President, to cease debate.

SPEAKER BARRETT: Debate ceases. Senator Beck, would you care to make a final statement on the advancement of the bill, please.

SENATOR BECK: Well, yeah, I think we have covered everything about the bill. I would just, again, I think I would like to keep it alive. I would like to move it on. I think that it is an issue of representative government, and I guess that is important to me. I would think that that is the entire...I mean, I am glad that we discussed it this morning. I think all of us have to respond to constituent need, and after I responded to that need, I saw there really was a need to change this, and that is what this bill has been an attempt to do, to return money to charities who will use it for the good of the community and so, with that, I would just ask that you would consider that, that you would consider the use of those private dollars always generate more than public dollars, and that you would pass LB 775 on. Thank you.

SPEAKER BARRETT: Thank you. You have heard the closing statement, and the question is the advancement of LB 775 to E & R Initial. All in favor vote aye, opposed nay. Voting on the advancement of the bill. Have you all voted?

SENATOR BECK: Mr. President, may I ask for a call of the house, please, so we can have a record vote on this.

SPEAKER BARRETT: Certainly.

SENATOR BECK: Roll call vote.

SPEAKER BARRETT: A request for the house to go under call and a roll call vote on the advancement of the bill. All in favor of the house going under call vote aye, opposed nay. Record.

CLERK: 16 ayes, 1 nay to go under call, Mr. President.

SPEAKER BARRETT: The house is under call. Please record your presence. Return to your seats, and those outside the Legislative Chamber, please return. Senator Hannibal, the house is under call. Senator Beyer, please; Senator Byars, please. Senator Beck, would you record your presence. Senator Warner, the house is under call. Apparently, we are still looking for Senator Warner. Senator Beck, what are your wishes? Would you care to wait or proceed?

SENATOR BECK: Let's go ahead.

SPEAKER BARRETT: Thank you. We are voting on the advancement of LB 775. Roll call vote, Mr. Clerk.

CLERK: (Roll call vote taken. See page 1010 of the Legislative Journal.) 25 ayes, 12 nays, Mr. President, on the advancement of LB 775.

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

CLERK: Yes, Mr. President. A new resolution, LR 49 by Senator Chizek. (Read brief explanation. See page 1011 of the Legislative Journal.) That will be laid over, Mr. President.

And, Mr. President, an announcement that the Urban Affairs Committee will hold an Executive Session in Room 1019 at one-thirty; Urban Affairs at one-thirty in Room 1019 for Executive Session.

And, Mr. President, your Committee on Health and Human Services, whose Chair is Senator Wesely, to whom was referred LB 510, instructs me to report the same back to the Legislature with the recommendation it be advanced to General File; LB 648, General File with amendments, and LB 425 indefinitely postponed, all signed by Senator Wesely as Chair. That is all that I have,

you.

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

CLERK: 27 ayes, 0 nays, Mr. President, on the advancement of 224A.

PRESIDENT: The bill is advanced. LB 132, please. Would you like to put some things in the record, please, Mr. Clerk?

CLERK: Mr. President, yes, I would. Thank you. Your Committee on Enrollment and Review respectfully reports they have carefully examined and reviewed LB 775 and recommend that same be placed on Select File; LB 224, Select File. Mr. President, hearing notice from the Government Committee, that's offered by Senator Baack as Chair of the committee. And, Mr. President, Government Committee reports LB 604 to General File with committee amendments attached. That's signed by Senator Baack as Chair of the committee. (See pages 1022-25 of the Legislative Journal.)

Mr. President, LB 132 was introduced by Senator Wehrbein. (Read.) The bill was introduced on January 5, was referred to the Natural Resources Committee. The bill was advanced to General File. I have no amendments to the bill, Mr. President.

PRESIDENT: Senator Wehrbein, may I introduce some guests, please, before you start. Under the north balcony Senator Scott Moore has some members of his liaison youth group from Centennial High School in Utica and their sponsor. Would you folks please stand and be recognized. Thank you for visiting us this morning. Senator Wehrbein, please. Thank you.

SENATOR WEHRBEIN: Mr. President, members, thank you. This is a very straightforward bill that simply creates a cash fund in the Department of Water Resources. As you may well understand, they presently provide blueprint copies of maps, computer printouts, copies of data provided by other methods. In other words, photostatic copies of much of the material that they create in that department is now presently funded by General Fund, and then they are reimbursed. This simply would create a cash fund that would be created to funnel the money through, instead of having to annually appropriate money to the General Fund and

SENATOR SMITH: Yes, Senator Kristensen, that is the intent. It is a restatement of the same language not intended to change the intent of the law.

SENATOR KRISTENSEN: Okay, and so I could make sure that I have got my history correct here. We just merely redefine encourage temperance and restrict consumption. The restrict consumption is another statement of temperance.

SENATOR SMITH: Yes.

SENATOR KRISTENSEN: In other words, temperance is restricting consumption, and it doesn't go to restricting numbers or types of license?

SENATOR SMITH: That is my understanding...

SENATOR KRISTENSEN: Okay.

SENATOR SMITH: ...of what the intent is, as far as at least the committee was concerned.

SENATOR KRISTENSEN: Thank you. Thank you, Mr. Speaker.

SPEAKER BARRETT: Thank you. Any other discussion? Senator Smith, would you care to close on the advancement of the bill?

SENATOR SMITH: I'd move the bill, please.

SPEAKER BARRETT: Thank you. The question then is the advancement of LB 781 to E & R Engrossing. Those in favor vote aye, opposed nay. Have you all voted? Record, please.

CLERK: 30 ayes, 0 nays, Mr. President, on the advancement of LB 781.

SPEAKER BARRETT: LB 781 is advanced. I would like to take a moment to announce that Senator Wehrbein has some guests in the north balcony. We have 20 seniors from Elmwood High School in Elmwood, Nebraska along with their teacher. Would you people please stand and be recognized by your Legislature. Thank you. We are glad to have you with us this morning. Moving to Select File, senator priority bills, Mr. Clerk, LB 775.

CLERK: Mr. President, 775 is on Select File. I do have E & R

amendments pending, Mr. President.

SPEAKER BARRETT: Senator John Lindsay, please.

SENATOR LINDSAY: Mr. President, I would move that the E & R amendments to LB 775 be adopted.

SPEAKER BARRETT: Shall the E & R amendments to LB 775 be adopted? Those in favor say aye. Opposed nay. The ayes have it. Motion carried. They are adopted.

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

SPEAKER BARRETT: Senator Beck, anything that you would care to say on the bill?

SENATOR BECK: Mr. President and members of the body, I just had a little paper passed out by the Pages to you to note the surplus in the Omaha city budget. It was $2.35 million out of $118 million budget, and I think that was, if there was an argument against the bill, that was the argument, that Omaha would need additional state aid or an increase in tax, and I think it is obvious from that article that that would not be so. And so I would just ask that the members would move LB 775 on, remembering that the $200,000 that would be given or returned to them would be used in a way that would help the Omaha community and it is obviously so if you look at their books and so forth. They keep very careful records of how this money is spent, what little money they do have, how it is spent on charitable work in the City of Omaha, and so I would just ask the body to move the bill forward.

SPEAKER BARRETT: Thank you. Any other discussion? If not, Senator Lindsay. A machine vote has been requested. Those in favor of the advancement of LB 775 to E & R Engrossing, please vote aye, opposed nay. Voting on the advancement of the bill. On the advancement of the bill, have you all voted? Senator Beck,

SENATOR BECK: Mr. President, could I ask for a call of the house with call in votes first.

SPEAKER BARRETT: A call of the house has been requested. Shall the house go under call? Those in favor vote yes, opposed no. Record.

CLERK: 21 ayes, 0 nays, Mr. President, to go under call.

SPEAKER BARRETT: The house is under call. Members, please return to your seats and record your presence. The house is under call and call in votes have been authorized on the advancement of the bill. Members outside of the Legislative Chamber, please return and record your presence. The house is under call. Senator Pirsch, please record your presence. Call in votes are authorized. Voting on the advancement of the bill.

CLERK: Senator Pirsch voting yes. Senator Moore voting no. Senator Byars voting no. Senator Abboud voting yes.

SPEAKER BARRETT: Senator Beck.

SENATOR BECK: I would like to have a roll call vote.

SPEAKER BARRETT: Roll call vote has been requested. Members, please return to your seats for a roll call. Proceed, Mr. Clerk.

CLERK: (Roll call vote taken. See page 1425 of the Legislative Journal.) 21 ayes, 14 nays, Mr. President, on the advancement.

SPEAKER BARRETT: Motion fails. I would like to momentarily move over LB 431. We will come back to it in a few minutes, go to LB 643. The call is now raised. LB 643, Mr. Clerk.

CLERK: Mr. President, 643, I have an amendment to the bill from Senator Schmit. (The Schmit amendment appears on page 1426 of the Legislative Journal.)

SPEAKER BARRETT: Senator Schmit. Senator Schmit, on the amendment.

CLERK: Senator, I have your amendment number, AM1132.

SPEAKER BARRETT: Senator Schmit, please.

SENATOR SCHMIT: Mr. President and members, I apologize to Senator Withem. I did not have a chance to visit with him about this. I raised this issue on the floor when the bill was being debated earlier, and I raised it because of a question that is included in lines 18 and 19 where it says that...the language in

SPEAKER BARRETT PRESIDING

SPEAKER BARRETT: Welcome to the 58th working day in this the First Session of the Ninety-first Legislature. Our Chaplain of the day, our own Harland Johnson. Mr. Johnson.

HARLAND JOHNSON: (Prayer offered.)

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

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

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

CLERK: No corrections this morning, Mr. President.

SPEAKER BARRETT: Messages, announcements or reports?

CLERK: Mr. President, a series of Attorney General's Opinions, one to Senator Beck regarding LB 775; an amendment to...or an opinion to Senator Lamb and a third opinion to Senator Hall regarding LB 809, Mr. President. Also, LR 64, LR 66, LR 67 as passed by the Legislature yesterday are now ready for your signature, Mr. President. That's all that I have. (See pages 1465-1474 of the Legislative Journal. The opinion to Senator Lamb is in regard to LB 183.)

SPEAKER BARRETT: Thank you. And while the Legislature is in session and capable of transacting business, I propose to sign and I do sign LR 64, LR 66 and LR 67. To item 5, Mr. Clerk, special motion.

CLERK: Mr. President, Senators Withem and Schmit would move to suspend Rule 3, Section 17, so as to place LB 188 on General File notwithstanding the action of the Education Committee. The motion was filed on March 29 and is found on page 1383 of the Journal, Mr. President. LB 188 was reported by the Education Committee as indefinitely postponed on March 20 of this year.

SPEAKER BARRETT: Thank you. Senator Schmit.

SENATOR SCHMIT: Mr. President and members, I will only use a portion of my opening time because I want Senator Withem to use a portion of it also. So perhaps if the Speaker would notify me

know that the middle income taxpayer paid a large portion of the money which was collected, I should say over-collected or inadvertently collected, or not...or unintentionally collected. In any event, that taxpayer contributed heavily to the amount of money which we have today in the coffers. The beneficiary of LB 775, the commercial industrials generally, who, under this bill, will get 16.5 million dollars, those individuals, for the most part, received preferential treatment under LB 773 and received the benefits and will continue to receive the benefits of 775. This Legislature enacted those laws and I have no quarrel whatsoever with those companies, irdividuals who took advantage of those loans. We did that and we have no complaint. But I'm just telling you from a standpoint of equity that the middle income taxpayer contributed substantially a greater proportion of the increased tax collections than did the upper income taxpayer, and yet the middle income taxpayer is not going to receive, in my opinion and I believe by other standards, a substantially greater portion in return. Under my proposal, there would be a cap of $1,000 and that is constitutional because it is a cap on the income tax credit. So that the...where here you could...a large business of $1,200,000 would get under state a...under LB 84 would get $2,664 back; under my proposal that business would get only $1,000 back. But that business also, remember, in many instances will enjoy the benefits of a reduced tax under 773 and will enjoy the benefits of 775. Most important of all I believe is the fact that under this proposal you are transferring $20 million back to the federal government. I do not think that that is reasonable, do not think that is the best solution. I do not think that's an equitable solution. I do not think the taxpayers will believe it is equitable. Most of all, when we struggle and slave and really try diligently to find the money necessary to take care of the responsibilities that are justly ours, we casually shrug off the fact that we're going to send 20 million dollars of this money back to the federal government, and I will not support LB 84. I know that there are those who say, well, this is a one-year solution; it's best we could do. It is a one-year solution. But we have not done anything, ladies and gentlemen, to correct the mechanism by which the additional tax was collected. There have been those who have said that the increase in revenue, I believe way back long time ago in the days of Mr. Leuenberger, he called the increase in revenue a blister on the budget. Ladies and gentlemen, the blister has become a callous, and the callous has become a built-in lump. Unless we make some changes in that tax system, those revenues

will continue to come in barring economic recession which, of course, we have no...over which we have no control. But we have not made any adjustments here. Just this last month the tax collections have considerably...have exceeded by considerable amount the projections. We would expect those to continue. We hope they will continue. We do not know what will happen there. In closing, I want to make these points. Number one, we are collecting a hundred million dollars, roughly, to return to the residential owner approximately 38 million dollars and to the farmer approximately 28 million dollars, of which they will then pay respectively about 8 million dollars to the federal government leaving them with about 30 million dollars, and the farmer will pay about 6 million dollars to the federal government leaving him with about 22 million dollars. We are reimbursing the corporate entities which enjoyed the benefits of reduced taxes under LB 773 and we are also rewarding the corporate entities who enjoy the benefits of LB 775, I believe in a manner which is not consistent with equity in taxation. We are then locking in for this year an expenditure about of about a hundred million dollars and we are telling the schools that we can't, perhaps, support 18 million dollars. The Appropriations Committee will have to tell you what happens to the Reserve Fund and how they stand there. But we will spend an anguished five days wondering what to do and where to find the additional money during a period of probably unprecedented prosperity insofar as I can recall on this floor in regard to income. It would seem to me, and, again, I don't want to sound critical because I know that the introducers of this bill have really tried and they worked diligently with the Governor and others, but it just seems to me that the 20 million dollars that goes to the federal government is unjustified. It seems to me that the amount of money that goes to the individuals who did not pay the increased cost is not justifiable. It seems to me that the amount of money that is going to those entities which enjoy the benefits of LB 775 is not justifiable.

SPEAKER BARRETT: One minute.

SENATOR SCHMIT: I think that when you talk about property tax relief, you talk in terms of something which is justifiable, something which is equitable, something which is sustainable. We have, in my estimation, none of those three attributes in this bill. I do not expect the bill to receive enough votes to be returned, but I think it's important that this record is established because the time will come again when we would have

people in the Legislature to pass something that they all know is other than what they represent it to be. Now pride can be taken in that because, by being here, we're all political animals and we delight in being able to work our will. Sometimes working of the will becomes more important than the ultimate outcome of that working of the will. So we dispute among ourselves on this floor. We argue endless hours and wind up often where we started from, but we get a lot out of our system and, in some cases, get necessary things presented to the public. But we have to realize that there is a much broader world or universe that the State of Nebraska encompasses than is encompassed by this room that we call the Legislative Chamber. We get so close to what we're doing, so involved in it that it becomes the whole world and our perspective is distorted. We don't see the big picture and we don't realize that there are people making more objective judgments of what we're doing than we can make about what we're doing, and they see this as nothing. How many of you have been praised on talk shows for the great amount of tax relief, property tax relief, that's going to come to the people as a result of this bill? How many people out there will hail LB 84 because it brought property tax salvation? They don't even know the number of the bill. I'll bet there were more ordinary citizens who recognized the number LB 775 than recognized LB 84, and 775 was sticking it to them and this is supposed to be giving them something and they don't know anything about it because it's not giving them anything. But it's going to be passed. We're in such haste to do evil that we must suspend the rules. And where will the pride be? How many of you will go out into the hustings and boast about this? And then, if you do boast, tell the people in dollars how much they're going to get in terms of this property tax relief and then tell them you get it for a year. Why, it'd be like the end of those Frankenstein movies. They'd get pitchforks, clubs, torches and run you till there's not a foot...a piece of ground for you to put one foot in front of the other on. Property tax relief; I get $28. How much do you get? I get a hundred dollars. How much do you get? I get $168. Who gave it to you? The Legislature. Do you love the Legislature? Crazy about them. They can make more than that, and Senator Labedz and I were talking, she made more than that by accident at Ak-Sar-Ben off $4, $4, and that's what she did. So if you begin to put it in some kind of perspective, you can see that what is happening here is a recognition that four senators from disparate backgrounds came together and forged a package, and they're holding it together and they have sold it to a majority of the

And the...and I think Senator Lynch will probably talk a little bit about some of the things that have resulted to the charitable organizations that we did not really intend, and I just wanted to make it very clear that the stand of myself, as the Chairman of the General Affairs Committee, is in support of this because we do retain enough money to regulate and that is an issue that we might want to look at again next year, too, when we look at all of gaming and gambling activity. But, nevertheless, I think that this is fair and I will support it. Thank you.

PRESIDENT: Senator Lynch, please.

SENATOR LYNCH: Mr. President, and members, I would like to also rise to support the amendments as described and the bill providing the amendments are on there in 1055. It was mentioned with the horses that there are about 2,000 jobs involved and it is an important part of our economy, and we should, in fact, provide within this state a system where a...which would normally be a tax collected and given to the state would be given back to the industry, ala LB 775, so that they continue to function for all of the good reasons and the right reasons, which I agree with, like, for example, the tourism and the motel rooms, the meals that are purchased and the rest. I would like to suggest that over lunch I wrote down some of the charitable gaming institutions I just have in my district, and I guess you could multiply this 50 times and sometimes even more than that. I have got three churches. I have got three veterans groups. I have got two private clubs that work with pickles or bingo, one way or another, and a conservative count of the people involved in that are 67. Now in case you say, well, those 67 people don't work year-around so that isn't a real number. Well, most do. Teachers work year-around, they teach school, they go to school in the summer, whether you are teaching in a private school or in a public school. But on the other hand those people that work the dog tracks or the horse tracks, I should say, don't work year-around at all. They work in those areas and at those tracks where, in fact, and when only, in fact, those tracks are open. This is one of those equity issues, it seems to me, and a very small price to pay, indeed, to help people who are trying to help themselves sustain these very good causes. For too long a time we allowed a serious discrimination against charitable gaming as compared to the thoroughbred racing. I think we should begin to think in equal terms and fair terms regarding both and apply the same principles to both.

I want to congratulate and thank Senator Smith. I wasn't going to go into any detail, Senator Smith, about the tax bill I had. It is not important at this point in time. Obviously, this is a far cry from that and a serious compromise when you consider what I suggested as compared to this, but it is reasonable, and it is a good start. I appreciate her support. I would hope that the body would all support all of these amendments, and then the bill.

PRESIDENT: Thank you. Senator Warner, please, followed by Senator Labedz.

SENATOR WARNER: Question.

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

CLERK: 26 ayes, 2 nays to cease debate, Mr. President.

PRESIDENT: Debate is ceased. Senator Hall, would you like to close, please?

SENATOR HALL: Thank you, Mr. President, and members. I'd rather...I would rather wait until we have a few more members, Senator Warner, but if I can't, I will close. Ladies and gentlemen, the issue here clearly is one of do we bring the pickle, excuse me, the bingo tax in line with (a) what happens in other states, because I have stated in the opening the next highest tax state is approximately 6 percent? Nebraska has been at ten. Do we bring it in line with the way that we tax other gaming? I think we do. The committee has advanced this portion of the amendments because of that. We have looked at it and said that, no, we don't feel that it would be appropriate to strip the entire amount of money that the cities and the counties receive. That was the introduction of the bill as I brought it to the committee. We amended it to provide that only 50 percent of that, a bill very similar to this provision, LB 775 is currently setting on Select File, and what we do with this amendment is strictly only the 2 percent reduction that would go to the local subdivisions that would be involved, either the city or the county. I would urge the adoption of this portion of the committee amendments. Mr. President, I would ask for a call of the house.

SENATOR WITHEM: Yes, Mr. President and members of the body, I am supportive of Senator Barrett's amendment. As a matter of fact, I wouldn't object if you did vote for this just as a favor to the Speaker. I think that would be...any reason for voting for this, I think, would be an acceptable reason. I think it is a good valid thing to do when we're sitting here with just a very, very few days left, three days after today. Taxpayers of our state send us down here to attempt to resolve some problems. What we have now on Final Reading are, in a number of cases, the legislators' best attempts at providing solutions to a number of problems that they see in the state. We are, more so than I have ever seen since I've been down here, very much in danger of not getting a final consideration by the Legislature of a lot of hard work put into by a lot of senators on a lot of different proposals. It's not unusual for us to reach a gridlock. It's happened any number of times since I've been here; LB 775, the Christian school bill, any number of other issues...the home school bill, excuse me, not the Christian school bill, the budget one year. The difference between this session and any other is always at other times there has been kind of a sort of coming together of the body where we may continue to differ on specific proposals but we decide, as a group, that it is important for the legislative process to continue onward. It doesn't seem to be happening this year. Unfortunately, the pro-life, pro-choice controversy has come to dominate almost every other phase of our consideration. And even bills totally unrelated to that issue find themselves being filibustered in an attempt not to get to the pro-life, pro-choice issue that is following and that's really unfortunate, I think. It's unfortunate because we, as a body, really, the thing that keeps us together is a precious sort of respect for each others' views and a willingness to fight as hard as we can for our individual position but at a given time in our process to come together and allow the majority viewpoint to be expressed. I think that the motion that Senator Barrett is offering will allow us to do that. Obviously, I'm speaking because LB 1059 is one of those bills that is on this list. Obviously, I care a great deal about that bill. But you should not vote for this or against this merely based on your views on 1059. There are a lot of other good pieces of legislation here that do deserve to be considered. If you don't like a given bill, including 1059, you have one very real option and that is the red button. Vote no on a proposition if you don't like it. But I think we're at a point where extraordinary measures are needed to assure that we do, in fact, give final consideration to all of these proposals

Senator Morrissey and, Senator Morrissey, I agree with you. I wish that there would be a way that we would actually find out the true information on LB 775. I would really want to know, was it helpful, was it not helpful, was the Governor, you know, should the Governor be a heroine because of what was done; should she not be; should those that oppose 775, were they absolutely right? I would like to know the answer to the question about what really was the benefit of 775. The point I'm trying to make is through a hearing that we had in the Government Committee last year, and it was a rather extensive hearing, I don't believe, members of the body, you're ever going to know that. I really don't believe you'll ever know that. Example would be, when 775, LB 773 was passed, I was not in the body. I did not vote on the measure. I suspect if I would have been in the body I would have voted in favor of the measure. I don't know, those are unknowns. But I do know at that particular time the economy in the Midwest and the agriculture community, before that time, was in a deep, deep recession, some would call it a depression, if you look at the economic indicators over a four-month period, and at that point the recession began an upswing, as all cycles do in the economic sector. We were due for an upswing. Was that upswing because of 775? I don't know. Was that upswing because the economy was simply ready to do that on its own? I don't know. The reporting information we get from 775, will that tell us the true story? Will we ever really know if a company was going to provide new jobs anyway, but took advantage of 775 at the same time, or did they use 775 tax benefits in order to create the new jobs? We'll never know, members of the body. Senator Wesely's bill will simply give us 49 different people will give a booklet for expanded information of subjective information that you can come to whatever conclusion you want, and you can use that for whatever agenda you have. And that is all this bill is going to do. It will not give you any better information. It will not solidify the issues so we have a clear understanding. It will simply be a vehicle to be able to make whatever points we want to make for whatever agenda we have. I don't think that's important at this point. I don't think it's going to be advantageous for the body to do it, and I don't think it will help the state in any way whatsoever as well. And I hope the body goes along and votes to indefinitely postpone 431. And I'd like to have a call of the house and a roll call vote.

PRESIDENT: All right, the question is, shall the house go under