

January 18, 1989

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

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

SPEAKER BARRETT PRESIDING

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

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

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

SENATOR HEFNER PRESIDING

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

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

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

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

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

February 14, 1990 LB 42, 159, 313, 642, 851, 856, 857
874, 893, 901A, 957, 960, 964-966, 984
997, 1044, 1064, 1080, 1090, 1161, 1184
1193, 1232
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SPEAKER BARRETT: Thank you. Mr. Clerk, you have a motion?

CLERK: Mr. President, I have a priority motion by Senator Langford, that's to adjourn the body until February 15, 1990. I assume that's nine o'clock, Senator. I do have some items.

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

CLERK: Yes, I do, Mr. President. I have amendments to be printed to LB 42 by Senator Baack. (See pages 793-94 of the Legislative Journal.)

Mr. President, Enrollment and Review reports LB 1064 to Select File with Enrollment and Review amendments. LB 851, LB 856, LB 857, LB 874, LB 893, LB 957, LB 964, LB 966, LB 984, and LB 997 are all reported correctly engrossed. Those are signed by Senator Lindsay as E & R Chair. Banking Committee reports LB 1161 to General File with amendments, and LB 1193 as indefinitely postponed, those signed by Senator Landis as Chair of the Banking Committee. (See pages 794-96 of the Legislative Journal.)

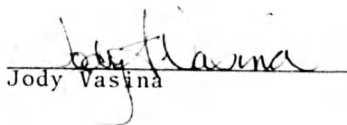
I have a new A bill, Mr. President. (Read LB 901A by title for the first time. See page 796 of the Legislative Journal.)

Mr. President, I have a confirmation report from the Health and Human Services Committee, that is signed by Senator Wesely as Chair. I have a series of priority bill designations. Senator Schellpeper selects LB 1080; Senator Crosby, LB 965; Senator Scofield, LB 1184; Senator Richard Peterson, LR 11CA; and Senator Withem, Education Committee priorities are LB 960 and LB 1090.

Mr. President, Senator Abboud would like to add his name to LB 1044, Senator Crosby and Chambers to LB 642, Senator Elmer and Peterson to LB 159 and AM2372, and Senator Morrissey to LB 1232. I believe that's all that I have, Mr. President.

SPEAKER BARRETT: Thank you. The motion before the house is one to adjourn until tomorrow morning at nine o'clock. All in favor say aye. Opposed no. Ayes have it, carried, we are adjourned. (Gavel.)

Proofed by:


Jody Vasina

made some excellent points relative to the grand jury and the judicial system and the process. He sees it from one perspective, I see it from another. He sees it as a conveyance of a message that perhaps the Legislature does not approve and, in fact, I think the message is even more plain than that that we do not approve of certain types of vacillation and equivocation. On the other hand, I look at it as a positive situation where I like to say, yes, Judge Hastings has exercised good judgment, he is a man of conviction and principle and good temperament, as are, I think, most of the rest of them. I would like to see additions to that judiciary that are even better than what we have today and I think that would go for all of the sitting judges. I don't think it's going to make much difference whether it's 10 percent or 13, or 20 percent, but eventually it's the expression of a job well done that there is some recognition by this body that they do perform well. As I said, there is no punishment factor that can be exercised by the judiciary. There isn't much that can be done that way. There isn't anything that can be...they can't withhold their political support, they can't crank up political support, so they don't have that kind of a club. All you do, ladies and gentlemen, is to do what you think is right. I know that's what you're going to do and I respect that and I accept it. I do not, as Senator Chambers suggests, jump for joy. I do accept what is the inevitable and I would suggest, Senator Chambers, and I suggested it to you the other day, if you let me know when you're not going to be here, there might be another day and I might make an end run, but now I have to worry about the Lieutenant Governor also. But, anyway, vote your convictions and we'll get on with the show. Thank you.

SENATOR LABEDZ: Thank you, Senator Schmit. We are now voting on the advancement of LB 42 to E & R Initial. All those in favor vote aye, opposed nay. Have you all voted? Have you all voted? Record, Mr. Clerk.

CLERK: 35 ayes, 4 nays, Madam President, on the motion to advance LB 42.

SENATOR LABEDZ: LB 42 is advanced. We now move to Select File. Mr. Clerk, LB 163. Items for the record, Mr. Clerk.

CLERK: Madam President, thank you. Urban Affairs Committee reports LR 11CA to General File; LB 1229, General File with amendments; LB 912, indefinitely postponed. Those are signed by

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Again, I think Senator Beck has outlined the bill in sufficient detail, and with that I would simply urge the advancement of LB 958. Thank you.

SPEAKER BARRETT: Thank you. The question is, shall LB 958 be advanced to E & R Initial. All in favor vote aye, opposed nay. Have you all voted? Please record.

CLERK: 25 ayes, 0 nays, Mr. President, on the advancement of LB 958.

SPEAKER BARRETT: LB 958 is advanced. Proceeding to LR 11CA.

CLERK: Mr. President, LR 11CA was introduced by Senators Scofield, Smith, Schellpeper, Peterson. (Read title.) The resolution was originally introduced on January 18 of last year. Mr. President, at that time, it was referred to the Urban Affairs Committee for hearing. The resolution was advanced to General File. I have no amendments at this time, Mr. President.

SPEAKER BARRETT: Senator Scofield, would you care to open.

SENATOR SCOFIELD: Thank you, Mr. Speaker. LR 11CA is essentially an outgrowth of an issue that has been before us before. You will recall that we dealt previously with LR 21CA, which was the debate on that started in 1987, and toward the end of that whole process, in 1938, we ran into some problems with an amendment and, subsequently, did not get anything passed to address this issue. Very simply what LR 11CA does is this is a constitutional amendment which, if it is adopted by the voters in November, would permit cities to appropriate money from local sources of revenue, at this point, sales tax, property tax, city lottery, city proprietary operations, and so on. If you look at the accompanying language in LB 1229, it tells you how this is going to be carried out. We sat on this bill last year in the Urban Affairs Committee with Senator Hartnett's cooperation and hard work, his staff has put together enabling legislation, which you can also refer to see how this is going to work. You can expect amendments I believe to come and further clarify what local sources of revenue are and I will leave that for Senator Hartnett to comment on when he gets to the bill. But the purpose of allowing this is to allow communities to fund economic or industrial development projects or proposals if they are approved by a vote of the residents of the city. It requires a simple majority of those voting at a special or

general election. In essence, this proposal is identical to LR 21CA, but I think we have addressed the problems that finally stalled LR 21CA in that LR 11 doesn't contain an amendment which was placed on in that resolution on Select File the last time, which muddled the waters somewhat about the ability to use state and federal funding. Let me give you some background on this, and make sure I have been clear. The constitutional amendment simply says, "Notwithstanding any other provisions in the Constitution, the Legislature may also authorize any incorporated city or village, including cities operating under home rule charters, to appropriate from local sources of revenue such sums of money as may be deemed necessary for an economic or industrial development project or program subject to approval by a vote of a majority of the registered voters of such city or village voting upon the question." If the voters accept this in November, then there is an entire process laid out in the accompanying language, 1229, about what the next steps are, which I will walk through in a bit. The background of this comes from a Nebraska Supreme Court case, Chase v. Douglas County, which declared part of Section 18-1401 unconstitutional. The court held, "We find that the provisions of the statute authorizing expenditures, whether directly by city or county or through the chamber of commerce, or other listed organizations, for the purpose of acquiring real estate, or options thereon, for industrial development is unconstitutional and in violation of Article XIII, Section 3, because it permits the lending of the credit, as that term has been previously attributed of the city or county to an individual association or corporation." So, in essence, this 1976 Supreme Court ruling has very far-reaching implications and has negated any effective partnership or activity on the local level to spend local sources of revenue for economic or industrial projects or programs. That decision, incidentally, did not apply to federal dollars. As you know, if you have been following the funding for cities and villages in this country, federal money has gone away, essentially, in large chunks. When that federal money was readily available for economic and industrial projects or programs, the situation wasn't as critical. But today it is important that we give our municipalities the power to appropriate local dollars for projects and programs for, frankly, economic development projects that are being phased out, that used to be covered by such things as UDAG and community development block grants and so on. The municipalities can currently participate in certain economic development programs with federal dollars, but cities and

villages cannot, at this time, use local dollars for the same project or program. So that is, essentially, the issue we are trying to address. In the past, there have been some concerns raised about, well, doesn't this make cities competitive with each other, now doesn't this force them to compete with each other? But as I guess we have to face it that we live in a world where competition is the name of the game, and the real issue is whether the Legislature and the voters of Nebraska can posture the municipalities to effectively compete with municipalities of other states, because it is going on right now. And this is a tool that I sincerely believe that in particular small towns and villages across the state really need, because that is where economic development happens is at that local level. We have tried in this state to do everything we can think of to create an economic environment that is conducive to business development, but when you come right down to it, it is those local people that are out trying to find businesses and start businesses that need the tools to determine whether a business is going to locate in that community. And once in a while, even though that is not always the way you bring about economic growth, once in a while you do have the chance to bring somebody in. This I should point out does not ever ask for a state appropriation. It is a request by the cities and villages, themselves, for a tool to enable them to help themselves, subject to, number one, the passage of this constitutional language and, then secondly, the passage of language at the local level that clarifies the process. So the chronology is, first of all, we need to pass LR 11. That places this issue on the ballot in November, 1990. Now, then if the voters choose to amend the Constitution with the proposed language, then we, as a Legislature, are empowered to have a bill take effect defining terms and establishing a statutory framework within which cities and villages can expend local resources for economic or industrial development projects. This is not unlike the process we are going through right now with the constitutional amendment on higher education, which has a companion bill attached to it. When the enabling legislation is passed by this Legislature and takes effect, then a municipality can develop an economic or industrial development project or program and then, once again, that project is submitted to the voters for approval. And then, once those voters of that municipality approve of the economic or industrial development project or program, then, and only then, can the city or village proceed with that project. So that is essentially where we are. Some of you are very, very familiar with this having dealt with

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it back when we did LR 21CA as well, but that is why we need LR 11. It is the best tool I think right now that we can give our small cities and our small villages to pursue other avenues of economic growth, and we all know that in this state that is crucial, that is perhaps the number one priority of most communities out there is to figure out how to pursue some kind of economic growth. So with that introduction, I would ask you to advance LR 11 today and leave the floor for other comment. Thank you.

PRESIDENT NICHOL PRESIDING

PRESIDENT: Thank you. May I introduce the doctor of the day, which I guess we haven't done so far today. He is from Senator Rod Johnson's District. It is Dr. Clarence Davis of Osceola, Nebraska. Would you please stand, Doctor, under the north balcony. Dr. Davis, we again appreciate your services for the day. I know you have been here before and we appreciate it. Mr. Clerk, I understand you have something.

CLERK: Mr. President, Senator Hall would move to amend the resolution. (See AM3045 on page 1403 of the Legislative Journal.)

PRESIDENT: Senator Hall, please.

SENATOR HALL: Thank you, Mr. President, and members. The amendment is very simple. It is very easy to understand. All it does is this, it strikes cities of the metropolitan class from having the ability through LR 11CA to basically levy taxes for the purpose of economic development. It is all it does. I have traditionally been an opponent of proposals such as LR 11CA, and continue to be so. I was the only member of the Urban Affairs Committee who did not vote to advance the bill out of committee or the accompanying bill, LB 1229. The purpose on my part for striking, basically, the City of Omaha from the bill is that the City of Omaha does not need this. If you look at the committee amendments to LB 1229, the committee amendments reduce the amount of money that can be raised in this area to \$1 million for any city other than Lincoln and Omaha, and it allows Lincoln and Omaha to raise \$3 million in this area through the purposes of a taxing authority, whether it be property or sales tax. And the reason I say that the City of Omaha does not need it is because the City of Omaha about ten years ago now, it was 1980, when the Omaha Development

Foundation was established, and the Omaha Development Foundation was established specifically for the purposes of putting together real estate that...garnering real estate, buying up real estate that would then be developed by private business. The Omaha Development Foundation is a not-for-profit foundation that receives its monies from corporate entities and, basically, houses itself within the Omaha Chamber of Commerce. It is really just an arm of the City of Omaha, and that is really all it amounts to. They receive their funding privately. They receive it through corporate donations mostly. But they do things in a very big way, ladies and gentlemen. They do them in a real big way compared to the limitations that the accompanying language in 1229 would allow. On the Riverfront Development Project alone, on that one project alone, the foundation has laid out \$60 million, \$60 million. All right, what was involved in that? They purchased Jobber's Canyon. They purchased Jobber's Canyon. They tore it down and they turned it over to the City of Omaha, \$60 million. It would take 20 years for LR 11CA or the accompanying bill to allow for that amount of money to be generated for that one specific project, and how does the foundation work? They work on a project by project basis. They don't every year collect 60,000, \$60 million, but they do it on an as-needed basis. They raise the money. They purchase the land. They tear down buildings or they bring in investors who then put the proposal together, and they have a private industry that is willing to look at that, and then the city jumps in with a tax increment financing aspect of it to entice businesses into the area. We have been doing this in the City of Omaha for the last 10 years, and they have been doing it in a very, very big way. Also with regard to the Riverfront Project, the City of Omaha has to date dumped \$11.6 million into that area down there, \$11.6 million. That does not include things such as the improvements to Leavenworth Street from the Interstate down to 13th that would allow for the folks at the ConAgra plant to basically jump off the Interstate, run down Leavenworth Street. That is not included in there. Just a couple of weeks ago there was an announcement that Warner...Warren Oil, which is on 13th and Leavenworth, is going to be relocated to the old Burlington Station. Now Warren Oil is on the wrong side of the street to be in my district but the Burlington Station is in my district, and Warren Oil is at 13th and Leavenworth, and the reason the city only went to 13th Street with Leavenworth is because Warren Oil was in the way. So what happens is Warren Oil is going to be relocated to the Burlington Station, which is a good use for that proposal, that

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building, but that building is also being financed through tax increment financing by the city, and if Warren Oil is going to go away at their location at 13th and Leavenworth, they are going to be torn down. Leavenworth Street is going to then become a through street to 8th Street, which is the gates of the ConAgra project. Now I don't have any problem with that. I think that is probably a fine thing for the city to do, but they are currently using taxpayers' money through street bond proposals that have been endorsed by the voters and they are using that to do exactly what I think Senator Scofield rightly says needs to be done in some of the smaller communities, and that is why my amendment does not attack the integrity of the proposal that she emphasizes and did emphasize in front of the committee last year with the introduction of LR 11, and then the accompanying bill in LB 1229, not only over the summer, through interim studies with Urban Affairs Committee, but before the committee this year when it was introduced. What I deal with is the amount of money that we are currently spending in the City of Omaha in this way. Maybe we are being unconstitutional in our approach. Maybe what we are doing is totally without any statutory or constitutional merit, but I don't think so, because if it was, I doubt that the city would be doing it. I doubt that Douglas County would dump a matching \$11.5 million into that same Riverfront Project. I am not opposed to the Riverfront Project. What I am saying is is that that single project alone in the last year, about 18 months, has...we have been able to raise through basically a quasi city entity, the Development Foundation, Omaha Development Foundation, the City of Omaha and Douglas County, nearly \$85 million for this purpose, and we have done it without the constitutional authority that Senator Scofield would allow for other parts of the state. All I do is strike out cities of the metropolitan class through my amendment so that we can go on doing our business without very likely, I mean the possibility is there that one could say if the argument were to be made that we would now be limited to the \$3 million cap that the accompanying LB 1229 would put into place. I know we don't want to do that in the City of Omaha, and I am sure that we can continue to do what we are presently doing, and that is bringing these people in, using the foundation to buy, then the city condemn, the foundation tear down, and then turn over to the city, deed to the city, give title to the city these properties that then can be financed through tax increment financing for these businesses, these companies that have been brought in and put into business in Omaha through a method that currently, from m

understanding, is totally within the scope of what is allowed by both the Constitution and the statutes. With that, I would urge the adoption of the amendment because I do not feel that it is appropriate for the city, or basically any government, to levy these types of property taxes or sales taxes, to then be used to purchase property that is to entice businesses into their area and to make the argument that Senator Scofield did, that there will be competition is I think a good argument because the competition will be there. The competition does neither go away, what you do when you adopt 11CA is...

PRESIDENT: One minute.

SENATOR HALL: ...you intensify that competition. You, basically, support that competition. You put it into the Constitution and say that we will ingrain that competition amongst communities into our Constitution of this state. I don't think that is a proper use of tax dollars. One of the things that the Omaha Development Foundation invested in was a little thing on the corner of 16th and Douglas called ParkFair. ParkFair was a building, a commercial building, that was supposed to be the cornerstone, the redevelopment of the 16th Street corridor, which as many of you know, used to be the hot spot on Saturdays for all the shopping and I can remember walking to a library on Saturday mornings, and there had to be ten shoe stores along 16th Street between St. Mary's and Dodge Street. Well, there was a real transition in the downtown area. They had to bring some things back and that was one of the reasons the Development Foundation...

PRESIDENT: Time.

SENATOR HALL: ...was established back in 1980. Well, Omaha's ParkFair was supposed to be the cornerstone of that redevelopment. ParkFair, since it has been established, has remained at least 30 percent empty and sometimes...

PRESIDENT: Time.

SENATOR HALL: ...much more than that. It is one of the things that can happen when you do allow tax dollars to be used for these kinds of purposes. Basically, ladies and gentlemen, it is a gamble, and depending on who is doing the gambling, it may pay off, and it may not. ParkFair has not paid off. ParkFair is one of those things that we don't talk a lot about anymore in

the City of Omaha.

PRESIDENT: Time.

SENATOR HALL: We talk a lot about the mall. We talk a lot about the Riverfront development, but those projects are very, very expensive. They have yet to be paid off. ParkFair is in the same situation. It may very likely never pay off. I would urge adoption of the amendment. Thank you, Mr. President.

PRESIDENT: Thank you. I have many lights on. I would like to know now from you how many wish to speak on the Hall amendment. First of all, Senator Hartnett, on the Hall amendment, followed by Senator Schellpeper, and Senator Peterson. Okay, thank you.

SENATOR HARTNETT: Mr. President, and members of the body, I think for the moment I rise to oppose the Hall amendment. Senator Hall serves on the Urban Affairs Committee with myself and one of the things that he did...we did have originally 4/10ths of 1 percent of actual value and that left Omaha with megabucks to do for economic development, and we did cut it down to \$3 million. And I think possibly the place to do this is maybe on the enabling legislation, the other bill, rather than to put it into the Constitution. And so for that reason, I simply rise, I think maybe the place, that is we simply leave the bill...the constitutional amendment as it is and simply strike, if we want to do that, if the body wants to do that, to strike it out of the enabling legislation.

PRESIDENT: Thank you. Senator Schellpeper, please, followed by Senator Peterson and Senator Hefner.

SENATOR SCHELLPEPER: Thank you, Mr. President, and members. I also rise to oppose Senator Hall's amendment. If we are going to have a program that is going to help our Nebraska cities, we need to have it for all of our cities, whether they are large or small. I think this is a good program but we can't just have it for just the small cities. My district, I have 13 small towns, and I think if it is good for them, it will also be good for Omaha and Lincoln and I think it is a program that we need to have for everyone. So I would oppose the Hall amendment. Thank you.

PRESIDENT: Thank you. Mr. Clerk.

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CLERK: Mr. President, very quickly, Senator Lynch would like to have a meeting of the Rules Committee in the lounge now; Rules Committee in the Senate Lounge now. That is all that I have.

PRESIDENT: Thank you, Mr. Clerk. Senator Peterson, followed by Senator Hefner, then Senator Korshoj.

SENATOR PETERSON: Mr. President, and members, I, too, rise to oppose Senator Hall's amendment. I am kind of surprised that Senator Hall would introduce this amendment because I think all of the cities should be involved and with less federal money in coming down the pike and probably less in the next few years, maybe Omaha doesn't need it right now, but if they do in a couple of years, then we have to have another constitutional amendment and we can correct that as Senator Hartnett, I think, explained in LB 1229, if this passes, and we need Omaha and all the cities involved in it. I would relinquish the rest of my time to Senator Scofield.

PRESIDENT: Senator Scofield, please. You have eight minutes...three minutes left.

SENATOR SCOFIELD: Thank you, Mr. President and Senator Peterson. I don't know that I would add very much to what has been said. I would suggest that Senator Hall could address his concerns on the enabling legislation, and while Omaha, as Senator Peterson mentioned, doesn't need this right now, I would be reluctant to have this amendment added to the constitutional amendment; number one being should those federal sources go away as we have seen them start to go away in significant amounts and that trend continues, there might come a time when Omaha would want this and then, of course, we would have to go through the whole process of yet another constitutional amendment, and at the same time, I think we can address the concerns that Senator Hall is raising through the enabling legislation. It would...furthermore, just in terms of the nature of passing a constitutional amendment in the state, it does take the votes of everybody in the state, and this concerns me as a person who believes this is an extremely important thing for all of the communities of the state. Doing this through the constitutional amendment concerns me because there might be good reason for a person from Omaha to look at that amendment and say, well, this doesn't have anything to do with me, and while they didn't maybe really have strong feelings one way or the other, they simply wouldn't vote for the amendment and that could defeat the

amendment, and we need this amendment right now to enable us to frankly save a lot of towns in the kind of area that I represent. So I would oppose the Hall amendment and ask you to do the same and suggest to Senator Hall that he should raise this concern on the enabling legislation. Thank you.

PRESIDENT: Thank you. Senator Hefner, please, followed by Senator Korshoj. I don't see Senator Hefner. Senator Korshoj. Okay, Senator Landis, please, on LR 11CA.

SENATOR LANDIS: Mr. Speaker and members of the Legislature, I had a chance to talk to one of the lobbyists on this issue and had a chance to overlook their list of votes and it looked very, very long. They have worked hard on this and it looks like they have the votes to pass it. So this may be a futile exercise. I'm going to vote for the Hall amendment and then I'm going to vote against the bill. Don't know if you have ever looked at our tax code or not. There are several pages of exemptions in our sales tax code in particular. And they start off with some bigger issues and then they get smaller and smaller and smaller and smaller and smaller at the end, and, as you look at the whole list, it's an overwhelming list of exemptions to our sales tax. Every now and then somebody says, why don't we just repeal them all? And we find that once having passed these tax credits, these exemptions, if you will, we can't get them off the books. I have heard my colleagues say, gosh, I wish I could go back to the day when we first passed this and not have created the list to begin with, not to have started the first pebble falling down the side of the mountain, because now we are under an avalanche of exemptions which total a great deal of money and yet because each of them have a definite rationale and a definite constituency we can't undo them. But cumulatively, taken together, they are a great weight, a great burden and provide a substantial shifting, if you will, in tax obligations. That's the way I feel about LR 11. I think LR 11 is that piece at the top of the mountain which when it begins to fall on this quiet March 16th in the afternoon day, when most of the commitments have already been made to support the bill, we won't recognize that what we're putting into action is that first piece which will one day be an avalanche of money diverted from property taxes to compete with other Nebraska towns against each other to entice businesses to make decisions they would have...perhaps they would have already made, but simply at the expense of the tax base. And nobody will be able to go back to this day, March 16th, and say, stop, because all of the things

having begun, all of the money having been raised, all of the...all of the promises and contracts having been made and given to businesses, we will have become addicted to the tax credit, the tax exemption, or in this case the property tax supported competition between Nebraska cities for increasingly generous commitments to businesses for locational or expansion purposes. Today is the day when it begins. Yes, there is competition but it's competition now to provide a good school system. It's competition within the limited range of perhaps our industrial park statutes, but it is not competition in the sense of using the property taxes to pay for benefits to give businesses. LB 775 has been costly for this state but effective. You can make that argument. We have made those arguments as a people for Nebraska so that we can make substantial improvements in our economy for things that might have happened in Iowa, Ohio, Illinois, Florida, Korea, West Germany, wherever,...

PRESIDENT: One minute.

SENATOR LANDIS: ...but do we want to start that kind of bidding war between Ogallala and Alliance, Chadron and Scottsbluff, Omaha, Lincoln, Grand Island, Fremont, because this is where that is going to begin? LR 11 will provide a whole new access to the General Fund budgets of cities to outbid each other for economic development so Nebraskans can compete with Nebraskans to bring this kind of thing about. And once it happens and I know I have seen the list, the commitments are there to do this, we will never be able to go back and undo what we're about to do today. I can't let the day pass without saying I object. I want it at least capped, according to Senator Hall's amendment, and after its capping, if that's successful, I hope to oppose the bill, but at least it will be...if it does pass, it will be capped. I'm going to vote for the Hall amendment.

PRESIDENT: Thank you. Mr. Clerk, you have a motion on the desk.

CLERK: Mr. President, Senator Schellpeper would move that the Legislature adjourn until Monday morning at 9:00 a.m.

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LB 931, 1059, 1241
LR 11, 322-330

Senator Withem's amendment.

SPEAKER BARRETT: The amendment is adopted. Anything for the record, Mr. Clerk?

CLERK: Mr. President, I do. Study resolutions. (Introduced LR 322-330. See pages 1464-69 of the Legislative Journal.) That will be referred to the Executive Board.

Enrollment and Review reports LB 1241 and LB 931 to Select File with E & R amendments. Senator Hartnett has amendments to LR 11CA to be printed. (See pages 1469-71 of the Legislative Journal.)

Mr. President, the next amendment I have to the bill is by Senator McFarland. I have a note, Senator, you wish to withdraw 2792.

SPEAKER BARRETT: Withdrawn. Withdrawn.

CLERK: Mr. President, the next amendment I have is by Senator Warner. Senator, this is your AM2872. (See Warner amendment on page 1249 of the Legislative Journal.)

SPEAKER BARRETT: The Chair recognizes Senator Warner.

SENATOR WARNER: Mr. President, members of the Legislature, this amendment is filed in order that I can understand the funding mechanism. I don't have a lot of enthusiasm about increasing...an amendment to increase a tax for a bill that I have not decided how I'm going to vote on. But I also know that this decision becomes awfully simple if the funding is not there to meet the appropriation. As I understand 1059 at the moment, the income tax would take effect until, I suppose I should...I don't know whom I'm addressing the question to, maybe Senator Moore. As I understand the bill, the income tax which would be required would not take effect until January 1, 1991.

SPEAKER BARRETT: Senator Moore.

SENATOR WARNER: I believe the sales tax, I believe, takes effect July 1 of this year. I have two problems that I need to understand. The first is, if LB 1059 does not get 33 votes on Final Reading then I assume the sales tax would not be adjusted July 1, obviously, because three months after April 9th is

PRESIDENT: Senator Baack, your right hand. Oh, I see, you're drinking with your right hand, I see. Just wanted that in the record. (laughter)

CLERK: Mr. President, maybe the easier way to do this, would just indicate that all members present voted aye on the resolution.

PRESIDENT: Okay.

CLERK: Be agreeable with you?

PRESIDENT: That's agreeable with me. Is there any...are there any negative votes? If so, indicate. It is unanimous, Mr. Clerk.

(The Legislative Journal indicates 34 ayes, 0 nays on the resolution as found on page 1623 of the Journal.)

PRESIDENT: We'll move on to LR 11CA.

CLERK: Mr. President, LR 11 was a resolution originally introduced by Senators Scofield, Smith, Schellpeper and Peterson. (Read brief description of resolution.) The resolution was introduced on January 18 of last year, Mr. President. At that time it was referred to the Urban Affairs Committee for public hearing. The resolution was advanced to General File, was briefly discussed on March 16. At that time I had an amendment from Senator Hall to the resolution. I have a note, Mr. President, that Senator Hall wishes that amendment to be withdrawn.

PRESIDENT: It is withdrawn.

CLERK: Mr. President, in that event Senator Wesely would move to indefinitely postpone LR 11. Senator Scofield would have the option to lay the resolution over, Mr. President.

PRESIDENT: Senator Scofield, what do you say?

SENATOR SCOFIELD: We need a good discussion to get us started this morning, let's go.

PRESIDENT: Senator Wesely, did you wish to speak about your motion?

SENATOR WESELY: Yes, thank you. Mr. President and members of the body, I rise in opposition to the resolution and in support of the motion to kill. And I understand very much the concern and sincere support for the legislation that has been engendered by the League of Municipalities by various cities that would like to see this constitutional amendment passed, but it's round two, at least that I can recall, of dealing with the issue and in round one, this proposal was knocked out and killed and I'm hoping that here in round two we'll be able to do the same. However, I also recognize a lot of work has gone into this and perhaps there is a lot of commitments and support. Many of you may feel that you are obligated to this piece of legislation, but if that is the case, if it is destined to proceed, I hope at least we'll do it with our eyes open and recognize some flaws. Hopefully, enough of you will recognize these flaws are fatal and we'll see this bill put to rest. I have been concerned about this whole concept now for some time. It started when I chaired the Economic Development Committee in '85-'86. We looked at a number of different proposals. At that time we had a number of initiatives that would have provided to local municipalities the ability to exempt taxes to provide various exemptions on property and other types of assistance through municipalities that were being proposed. A lot of tax breaks on the local level were what we were looking at. This was a heavy agenda item that has since disappeared with the exception of this proposal and instead we have moved toward tax exemptions on a statewide basis, LB 775, LB 773, LB 772, et cetera, where we have attempted to deal with economic development by adjusting taxes. That seems to be the most prevalent mode of economic development that we see in this state of late. Economic development is more than taxes. Economic development is more than public assistance in one form or another. It is education, it is roads, it is training, it is research, it is technical assistance, it is a vast array of different services and programs and we have, I think, in this state attempted to deal with some of those, but overall, I think we've focused far too much on the issue of taxes and public assistance. What you're doing with LR 11CA is, once again, going down that same road of trying to provide for economic development by providing public assistance to...to various business entities and you get into that mode and you have difficulty, you have trouble, you have equity issues. I think you've seen those already with LB 775. You have great concern about the fact that certain businesses get this assistance while other businesses do not. You have

questions about fairness as a result of that and I think, obviously, those that receive the benefits like them. You can see the results of that with LB 775 and other types of benefits like that. But I think you also have a recognition that there are other businesses, the vast majority of which do not receive assistance. So the intent, I think, of providing tax breaks has raised a lot of questions of equity. Now what we're talking about here with 11CA is to move that competition, that assistance from the state where at least you have across the state, the equity issue, but you also have everybody across the state has ability to receive this assistance, to trying to bring that down to a local level and in doing so, I think you engender some hard feelings and acrimony that could lead to divisions far into the future that will divide the state and harm the state as an overall economic development tool instead of helping the state. Now here's...here is my thought. I know Senator Landis has already addressed this and I'm passing out an article in which he talked about these concerns, but if you allow every city to get involved in the idea of providing assistance of this break or that break or this assistance or that assistance by amending our constitution. You get into a competition of city versus city and competition in most people's eyes is good and our capitalist system is based on competition, but at the same time the sort of competition we're talking about here is not healthy in my view. In fact, the sort of competition we've had state against state has led to a lot of harmful effects and to bring that down to city versus city, I think only compounds what has been recognized as a problem in economic development for a long time. We should have the Norfolks and the Columbuses and the Fremonts and the Lincoln and the Omahas and the Scottsbluffs and the Alliances all trying to work together to try and bring industry, to bring economic development to Nebraska, and once we attract in industry, once we help our own businesses to grow, then they can decide from among us where the site would best suit their needs rather than trying to compete against each other, I think in a harmful way to try and bring that business specifically to Norfolk or specifically to Beatrice or specifically to Grand Island and although some of that does go on, obviously currently, that goes on on the private sector. Chambers of commerce, private business people put up monies and they try and persuade companies to come to their cities and I think that's absolutely fine. The private sector is able to do and should be able to do whatever they want to, to encourage growth and economic development, but once you bring the public funds into it you raise another issue and there I draw the line

and I think this body has drawn the line. As I said a couple of years ago, this very same proposal with some modifications, obviously it has been amended since then, was killed by this body, recognizing the overall problem. Now here is the irony of the whole situation. What you're trying to do with LR 11CA in bringing this concept of tax breaks and incentives down to the local level is you encounter what I think the mood is within the...within the state. I think there is a lot of concern about LB 775, a lot of concern about the tax breaks and the fairness of them and the efficiency of them and the effectiveness of them and what you're doing is you're ignoring, I think, that public sentiment on the state level and bringing that on down to the local level and they may not see it now, but some day they will, that...that these sort of incentives and changes in tax code instead of a fair, across-the-board system, to one in which you have this community or that community providing this break or that break. You have greater difficulty even yet and so the public that is concerned about this sort of policy is going to see it compounded by bringing it down to the local level and it's on that basis that I think the people would generally not be favorable to this sort of a change. At the same time I understand that there have been caveats put into this amendment that the local city councils would have to take a vote, that people would have to take a vote that they would be involved in it. But I think what would happen is you'd have undue pressures if one city would take the step of providing this sort of a break, that city down the road will have to do the same, just as this state has had to have this and that tax break because Iowa had it or Kansas has had it. You would have an inevitable domino effect in this area by having every city feeling like they have to keep up with the competition, and so, yes, you'd have that local control, but in fact, you wouldn't. In fact, you'd have a situation where if certain cities would move forward you would have other cities following simply to keep up and then everybody across the state would have these same sort of tax breaks and again, issues about fairness and equity, efficiency and effectiveness would all come up. In addition, I think for those of you supporting this from the smaller towns, the Norfolks and what have you, and even smaller into the David Citys and Wahoos, you, I think, should recognize what I feel is that the bigger the town, the bigger the opportunity to provide incentive to attract industry, that you will probably further assist the urban areas at the expense of the rural areas, that you will further divide the state city versus city, but you will also further divide on urban-rural grounds in my estimation

because those with the biggest clout, the biggest populations have the biggest to gain from some exchange along these lines. And so I've tried to outline for you a litany of concerns and I know that attention is diverted perhaps at this time, but in essence, the principle involved here is one that I feel very strongly about, that the other ways that these cities can provide to attract industry is a more positive way to deal with it and they are able to do it right now. Having the best roads in that city, having good schools in that city, having well trained workers in that city, having adequate housing in that city which has been a problem in some cities, having the sort of environment that encourages the sort of economic growth that I think we all want to see in this state is the better way to go. Take public monies and put them in that side of the equation. Take public monies to help the people, to help the public, to help us build the infrastructure, the base in which a business can come into a city or businesses in a city can thrive.

PRESIDENT: One minute.

SENATOR WESELY: Thank you. That's the other side of the coin and if for some reason we seem to miss that point, that we seem to constantly focus in on the tax breaks and the assistance and the public money going out to the private sector and it seems to me the public monies ought to be spent more on their first priority and that is public good, public welfare, public needs that we have across the State of Nebraska city by city by city. And so economic development comes in many forms and this form of it as proposed here is one that I think has raised many questions and objections from citizens around the state and what we do, again, by bringing it into each and every city is cause further problems, I think, for the state as a whole and instead of bringing the state together I think you pull it apart, you divide the state. And so for these and many other reasons I would ask that you support the indefinite postponement of LR 11.

PRESIDENT: Thank you. Senator Scofield, please, followed by Senator Smith and Senator Schellpeper.

SENATOR SCOFIELD: Mr. President and members, I rise to vigorously oppose this IPP motion and to respectfully suggest that Senator Wesely may have been Chairman of the Economic Development Committee, and I know for a fact he went outside the boundaries of Lincoln because I saw him out there, but I'm not sure he really figured out what is going on out there. Senator

Wesely, don't tell me there isn't already competition out there, it is fierce. Communities are just desperate for development and the competition that you suggest will ensue it is, I would suggest, is already there and, in fact, LR 11 might, in fact, play a very positive role in encouraging just exactly what you say you'd like to have happen and that is regional cooperation, cooperation among cities. There is a provision in here for regional cooperation, interlocal agreements and so I would suggest that what you're throwing up here is simply naive and simply ignores the reality of what is going on all across this state. The big problem with LR 21 that you cite was essentially an ambiguity with what was going to happen to state funds. Senator Hartnett has an amendment that I assume we'll get to here pretty quick that takes care of that problem and so I guess the concern I have to raise this morning is what is apparently a double standard for the metropolitan areas of this state versus the rest of the state. You're trying to draw some parallels between 775 here and this measure and I just don't think those arguments quite mesh. You will recall that I voted against 775. If I had it to do over again I'd still vote against 775 and I think there is significant differences between the way 775 is managed and what the opportunities are there and even the impacts on our budget and what LR 11 is. For one thing, nobody gets to vote on 775. No community gets to say, gee, I don't as a taxpayer want to give these kinds of benefits to Union Pacific Railroad, or to US West, or to the packing plant, or whoever. No community gets to say that. Under LR 11 there is a complex procedure of approval starting first here, then the voters approve it and then finally the local communities approve it and I can tell you that the people that I represent out there scrutinize issues very carefully and if your concern is that somehow some unscrupulous developer or some overenthusiastic promoter is going to come in and sell people a bill of goods. You ought to come out and talk to some of my folks because they are tough to sell and they are going to scrutinize these very carefully and if they see that coming out of their property tax base, which they are very protective of, they are going to ask for hard and fast guarantees that it is going to do some good for their town or for their region. You raised questions of equity, you cannot surely argue that we have an equitable situation in this state right now in terms of economic development opportunities and, in fact, the competition in this state is not only among communities, it's across state lines. We battle day and night out there in the Panhandle to compete with South Dakota and with Wyoming and with Colorado and in the

southern end, even with Kansas. Same way on the eastern end. There isn't a surrounding state that has to operate under the kinds of constitutional restrictions that our communities in Nebraska have to operate under and I haven't seen any of them suffering devastating results from the lack of the kind of language that we're trying to take out of our Constitution and I think, in fact, it has probably served those states better and it's obvious that it's hurting us. So I think that your arguments simply don't hold water if you've been out there and talked to these communities. This isn't going to bring about any acrimony. There is already a very fierce competition out there, fierce competition for things like community development block grants. The argument of equity I just...I can't make that mesh because what you're really saying is it's okay to do certain kinds of initiatives if they happen to work, if you happen to have the ability to do them in the metropolitan areas but it's not okay to give small communities an opportunity to determine their own destiny and, in fact, to determine whether they are even going to go there. You have to look around at some of the kinds of initiatives that we have allowed to happen in this state primarily to benefit the larger cities in the state.

PRESIDENT: One minute.

SENATOR SCOFIELD: And I'm going to...I'll put my light back on and talk about this later. But, for instance, you were here in 1978, you were here in 1982 when we did tax increment financing. I would wonder how some of the opponents in this body, of this measure, voted on that issue. That mainly benefitted Lincoln and Omaha. That was how the Cornhusker Hotel was built. For those of you who don't know how that works, you take...you take the tax...the taxes of that building or project or whatever it is off the tax base and then incrementally put it back on. Many of the initiatives that we're putting in here directly benefit urban areas in this state. I'm suggesting that if you want to see the Cornhusker Hotel continue to be filled with conventioners, if you want to continue to see these little towns that come in here for, doesn't matter whether it's wrestling matches or basketball matches or whatever...

PRESIDENT: Time.

SENATOR SCOFIELD: ...then we'd better take some serious steps to make sure those communities are out there because if we don't

do something like LR 11 to give these communities tools to compete with people across state lines, we're going to lose maybe 15 to 20 communities across this state. That's going to hit Lincoln right between the eyes.

PRESIDENT: Thank you. I ask your cooperation, when you have spoken, turn your light off and then turn it back on if you wish to speak again. Otherwise, it's hard to say what is what. Senator Smith, you are next, please, followed by Senator Schellpeper.

SENATOR SMITH: Thank you, Mr. President. I rise to vigorously oppose the bracket motion also. I have a few handouts here, some things that have been passed around to us and I've just been taking little notes on them. One of the comments that was made in the handout that deals with an opinion in the Lincoln Journal, talks about it's not purely accidental that the cosponsors of LR 11CA come from Nebraska's smaller communities and they name Senator Scofield's community, Stan Schellpeper's community and Dick Peterson's community and I guess I'm...probably would like to have my name added to those that, yes, we really are worried, we are concerned. We want to be able to have this opportunity which, by the way, when you look at the information that we've been provided also, Lincoln and Omaha already have to a great degree. The 1990 state community development block grant funds break down to \$9.7 million. You all ought to be interested to know that, on the floor, that of this amount, 4.6 million of that \$9.7 million goes to Omaha and then you take off what is left, 3.9 million, nearly 4 million more goes to Lincoln. What is left over is split up among all the other communities across the State of Nebraska, so we're all out there competing already, Senator Wesely, for what is left over, the crumbs you might say of the community development block grants. No wonder you're not interested, but will you be interested in a few years when these federal funds dry up? Will you be the ones coming back in wanting this opportunity? And then will the...the shoe be on the other foot? There is something also very interesting about a little article that appeared in the same paper, in the Lincoln Journal, the same day on some other little page back farther in the paper, there is a little article that says, helping small businesses, and then it goes on to say, the City of Lincoln has forged an effective partnership with private lenders to help small businesses. A report from Mayor Bill Harris reveals that \$532,002 from federal community development block grant resources were wheeled behind

seven small Lincoln businesses since September 1. This help in the form of loans or loan guarantees will, it is said, retain or create a total of 84 jobs in the next two years. Business expansion could provide as many as 230 jobs by the fall of 1993. Conditions the city has placed on those seeking access to community development block grant dollars are fair and realistic considering Lincoln is participating in risk sharing. The federal cash patches a hole in companion private financing. Job levels must be held or increased. The money comes back for revolving fund reuse purposes and a very commendable part of this public-private partnership, a combination that has virtually become a contemporary American model is that it is open to public accountability. So in one article they are talking about, you know, how bad this is going to be, and then in some page further back in the same one they are talking about, they are praising Lincoln for doing this for the businesses, small businesses, and they are talking about accountability. Senator Scofield has already told us the accountability provisions in LRC11, 11CA excuse me, are much, much more detailed than those that are required presently by the federal community's block grant dollars. And, you know, Senator Wesely, I hate to pick on you because you're my friend and you sit beside me, but I'm feeling that maybe it's necessary this morning because of the comments. I can only pick on your comments so far. You talked about the possibility of leading to rural versus urban split on issues that we deal with. This is, yes, an issue that could become a rural versus urban split if that is what you want to make it into. If we only see senators from Lincoln and Omaha standing up opposing this, it tells the rural senators, it gives us a message, yeah, it's good for us but it's not good for you and we don't want to anything that is going to help you. You know, when you come in with Commonwealth over and over, you want our vote on that and you know that it impacts only particularly across the State of Nebraska, Lincoln to the greatest degree, you think we should support you on that...

PRESIDENT: One minute.

SENATOR SMITH: In my district, Senator Wesely, I think, I've been told, I've only known one person that has been impacted negatively with Commonwealth, but I've been told there are eight people in my district, and yet you want me to vote for something that is not going to affect my district, so keep those things in mind when you stand up here and talk about what we want, but

what we don't want you to be able to have for the rest of Nebraska and then talk about rural-urban versus split. I will oppose the bracket motion, and I ask the rest of you to do the same. Thank you.

PRESIDENT: Thank you. Senator Schellpeper, followed by Senator Hefner and Senator Hartnett.

SENATOR SCHELLPEPER: Thank you, Mr. President and members. I also rise to oppose the bracket motion. Senator Wesely, I passed out a sheet here that shows that not very long ago you made a statement that New Horizons is a way for the Legislature to act, not just react, and in there it says that we should amend the Nebraska Constitution to allow local governments to invest in economic development. And I think that Senator Wesely is actually right. I think the cities have to have that authority to invest. Senator Smith and Senator Scofield have made the comments that it's much different than 775. I didn't support 775, I support this because the local people have a right to vote. I think it's very important. If they don't want it, they don't have to vote for it, but if their town wants it, they can vote for it. I think that's a very, very important issue in this legislation and I would urge you to reject the kill motion. Thank you.

PRESIDENT: Thank you. Senator Hefner, please.

SENATOR HEFNER: Mr. President and members of the body, I rise to oppose the kill motion on this bill, LR 11. I've always been a strong supporter, a strong supporter of government and private cooperation so that we can do some of the things that we want to do. A little while ago I passed out a sheet here that says, community development, and this was put out by the Nebraska Department of Economic Development and it is called Nebraska Development News, but this is just what has happened in the small town of Coleridge, 670 population. We had a lumber yard that was...this was a chain lumberyard that was going to leave town and they wanted to sell it. And the Coleridge Community Development Corporation finally found a buyer, but it was hard to get financing, so they were able to get a revolving loan fund and they bought this lumberyard on probably 25 cents on the dollar, so it was a good investment. And let's see, I think that...and it was just a small loan, I think 27 or \$29,000, but I believe that has all been paid back now and this money has been reinvested to several other businesses, and one of them is

called a High Plains Knitter and the other one the Dental Video Systems, and they borrowed some of this money and it's still on that revolving loan fund and the bank in Coleridge handles this along with the Coleridge Development Corporation, but it's...it's been real good, real good for a small town. And I know Senator Wesely probably don't care too much for small towns, maybe he does, I don't know, but...but I know that we need to try to help the small rural towns survive and I believe that LR 11 will do this. I realize it's not the total answer and we're not going to save every town, but we should try to help these towns that have the leadership in place and I believe this will do it. We also have the safeguards that are necessary. If the Legislature passes LR 11, it goes to a vote of the people this fall. That's number one safeguard. Then if the people adopt it and I have high hopes that they will, well, then whenever this town wants to implement it, well, they would have to have a vote of the people. So, Senator Wesely, I feel we do have the safeguards in it. I know you live in Lincoln, Nebraska. Lincoln, Nebraska has a lot of government employees and so you don't feel the downturn of the economy in Lincoln, Nebraska like we do in rural Nebraska because in rural Nebraska we're...let's face it, we...we're 99.9 percent dependent on agriculture and as agriculture goes, so these small towns go. So I'd say to my colleagues here this morning, let's go ahead and defeat the kill motion, go ahead and advance this bill and let the voters decide on it, but I'm...I'm certain that the voters will approve this and then let each small town, if they see a good project...

PRESIDENT: One minute.

SENATOR HEFNER: ...go ahead and vote on it and...and I certainly feel that we do have the safeguards so that this here issue will not be abused. Thank you.

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

SENATOR HARTNETT: Mr. President and members of the body, I also rise to oppose this kill motion of Senator Wesely's. I guess I could say that because of my location next to a...the largest city in the state, I should feel it differently, but as Chairman of the Urban Affairs Committee we have traveled around the state for the last four years and talked to the maybe smaller communities and what they see is a great need for something like

this and I...and we...if we're going to keep rural Nebraska going, we need some type of a measure such as this. And what we...what we're really saying is to the people, I think, if we don't believe in this measure is that we don't trust the people because what has to happen with this measure, it has to go...the city council has to approve it first, then it has to go to the vote of the people and it simply...we're simply not trusting the voters of each of the communities to respond to an issue as they see it as for economic development. And I guess maybe Omaha and Lincoln does not need a measure like this but I see the cities such as Columbus and Grand Island and Norfolk and so forth needing it, and it also helps the smaller communities around this area. When we were up to...or up to Norfolk a couple of years ago all the communities within the...in the eighties, around Norfolk, had grown, it did not lose population and simply was the efforts of Norfolk Chamber of Commerce, the leaders of Norfolk, the business and governmental officials in Norfolk to attract industry and so I see this as a necessary tool to allow cities such as that size to be able to attract industry and that every one of these projects, before they can go in place have to go to the vote of the people and what I think we're saying to people if we don't vote for this, we're not trusting people at the local level. Thank you.

PRESIDENT: Thank you. May I introduce some guests, please? Our Senator Crosby has a guest, our doctor of the day, Dr. Curtis Batten of Lincoln. Doctor, would you please stand so that we may see you. Thank you for your services today. Senator Kristensen has a guest under the north balcony, Eunice Jackson of Minden. Would you please stand, Eunice. And Senator Ashford has some guests in the south balcony. They are 15 fourth graders from Brownell-Talbot in Omaha and their teacher. Would you folks please stand and be recognized. And thanks to all of you for visiting us today. Senator Landis, please, followed by Senator Korshoj and Senator Peterson. Okay, Senator Korshoj, please.

SENATOR KORSHOJ: Mr. President...Mr. President and members, everything I wanted to say has been said. I am against the kill motion and I don't blame Lincoln. Lincoln is a city that is recession proof. How many state capitals has the penitentiary and the college and this government, all these government entities to keep their economy going? It doesn't matter what happens to the rest of Nebraska. Lincoln is going to survive and thrive. I heard this bill and I heard the companion bill

three years ago on it. There is so many safeguards built in this that I, personally, feel very, very comfortable to let the voters say, yes, I would like to spend my tax dollars this way. I trust...I trust them, and I know Senator Wesely does not want the voters to have to approve some of his spending measures and I don't blame him, but I still think that we owe it to the voters to say, yes, let's take a certain percent of our tax money and go ahead and use it for economic development. The dollars are so short out there that they've got to have another source and like Senator Hartnett said, city council after...first of all, the voters in Nebraska have got to approve LR 11, then the city council has got to put it on the ballot and the voters have to approve it. What's wrong with letting them decide how to spend their money? And I just want to kind of respond to something Senator Hefner said. He thinks that 25 cents on a dollar was a bargain to buy a lumberyard. It's no bargain, they still go broke. Thank you.

PRESIDENT: Thank you. Senator Peterson, please.

SENATOR PETERSON: Mr. President and members, I, too, rise to oppose the kill motion. I think that Omaha and Lincoln ought to be taken along, look at this too for benefits in the future. Right now, they're not probably strapped but I know from looking at figures that Omaha, used to get about six, seven million dollars as the figures I have right now, about 4.5 million all that community development block grants that are coming back to Omaha and Lincoln is in the same boat. So I would guess that maybe in another year or two if the...that gets dried up, that Lincoln and Omaha will be...their city officials and that will be coming to Senator Wesely and saying, hey, my God, we want...we want some...to use some funds for economic development. So, Senator Wesely, I think you better take a look at that idea because you, too, in the City of Lincoln may be coming in with a separate bill sometime if this doesn't pass and...and wanting this for your own city. And I think the cities hands are getting more and more tied when it comes for paying for economic development projects and federal economic development funds have been dwindling for years and private funds are limited. Nebraska Constitution prohibits cities from using locally generated tax dollars to help business start up, expand or relocate. This would give the voters the option to allowing city governments to use local taxes for economic development. I think it is denying the taxpayers a chance to invest in a greater extent to economic development and I think

the Omaha and Lincoln senators are taken consideration that it will, down the road, probably benefit you as much or more maybe some day, than it will rural Nebraska. Thank you.

PRESIDENT: Senator Wesely, please, followed by Senator Moore.

SENATOR WESELY: Thank you, Mr. President and members, if I could have a gavel, I'd appreciate it.

PRESIDENT: (Gavel.) May we please have it a little quieter. Just a minute, Senator Wesely.

SENATOR WESELY: Thank you. When you got the odds of...

PRESIDENT: (Gavel.) I don't want to break it like has been done before, so please hold it down.

SENATOR WESELY: Thank you. When you're outnumbered 10-1, at least I'd get a shot, I'd appreciate it and shots are exactly what were taken at me. I appreciate it. I don't appreciate the cheap shots from some friends of mine, but let's talk about the issue involved here. You talk about the fundamental point that you believe that what I am doing is raising an issue that would help the urban areas against the rural areas, that you think that's the position I'm taking. I'm taking just the opposite position. I believe that those of you in the smaller towns in this state, and I'm not going to call that area whatever you want to call it, are going to end up being the big losers from this proposition, not Lincoln, not Omaha because as we talked about this the last time I could pull out the quotes, if you want to get into a competition city by city, the winners are going to be the larger towns, whatever that competition may be. If it's Omaha versus Lincoln, Omaha will win. If it's Lincoln versus Columbus, Columbus is not going to win, Lincoln is going to win. If it's Columbus versus David City, Columbus is going to win. As you find the bigger tax base, the bigger resources, that will be the winner in any fight. I passed out in one of the handouts the sumo wrestlers as they are battling here, "heading for a big loss" is the headline. Well, who is heading for a big loss are the smaller towns in the city, cities in this state, not the larger towns, not the metropolitan areas. I'm warning you and some day, if this passes, and it looks like it will from the comments I've heard, people are committed to this. Some people will look back and wonder why those representatives of those towns decided they wanted to get into this sort of

bidding war that they were destined to lose. The bidding war is exactly what we're talking about. We now bid state against state and this would now move us into city against city within a state. I think it's divisive and I think it's wrong. I think what you find is that it also heads us in the wrong direction. If you spend money on this type of activity, again, we're talking about property taxes going for this use. You will, I think, end up misdirecting that money that could be used for other needs. I again emphasize, economic development is more than tax breaks, more than public assistance, more than putting business on the public dole as we seem to want to do in the last few years. That is the mind-set, that's the attitude that we have in Nebraska of the last three years, but that wasn't always the case. Economic development used to mean more than that. It used to mean all the other things that we talked about with the Research and Development Authority, business development centers across the state, the technical assistance center, the food processing center, educational reform, training assistance. All those types of things are economic development as much or more than the tax breaks that we've spent so much time on the last few years and tax breaks, again, head us down the wrong road because it's money that could be spent for a positive turned around, and I think spent in a fashion that will end up being negative to the state as we divide us city by city, rural versus urban, and, again, my emphasis isn't that this is going to hurt Lincoln, not at all. In fact, if you want to get into it, we're going to be benefitted by it. Don't forget Lincoln tried to steal away ConAgra from Omaha and if that happened under the current situation, you'll find it happening even more as we allow each city to open up its coffers to the private sector. As for the fact that competition exists, I'm not naive enough to recognize that that is the case, it is, but it's a different type of competition and I mentioned it in my opening. You use private funds, chamber of commerce funds, foundation funds and that's one thing that I don't feel anybody has any problem with. You compete, yes, for federal community development block grants and, again, there is competition but it's federal monies and how long that lasts, who knows. But when you open up to the property taxpayers, I think those of you who talk about being concerned about property taxes should recognize that this offers one more opportunity for uses of property taxes that could lead to higher property taxes and if we're truly concerned about that, hopefully you would express that concern. We are now moving into a different area. Yes, sales taxes could be used, but property taxes would be the predominant funding source for

these types of activities and my feeling is that it would be better used, those property taxes would be better used for other types of economic development needs. There was mention of the tax increment financing proposals that we had in the past...

PRESIDENT: One minute.

SENATOR WESELY: ...and tax increment financing exactly the reason why you should be concerned about this proposal. What started off as a targeted assistance to depressed, blighted areas became, over time, an abomination that became whole downtowns including Lincoln's use for these tax breaks and used in a way that was never contemplated at the time it was passed and that's what I'm saying about this proposal. You see it one way and there is some virtue in it, I don't deny it, but there are other ways that this will be used and it will evolve and develop and it will turn out to be something different than you envision today. And when that happens I think you will sorry that it happened and perhaps you're not going to be bothered by that because it will be so far into the future, nobody will recall what we're talking about here today. But, I, for one, just want to warn you that we're headed down a road that is going to lead to problems, to difficulties, to concerns and if you don't want to recognize that, that's fine, but I feel that I, for one, want to raise these objections and hope that as you vote, you'll think through the implications far into the future.

PRESIDENT: Thank you. Senator Moore, please, followed by Senator Scofield and Senator Schmit.

SENATOR MOORE: 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. Ladies and gentlemen, we're still not in gear here, so we're going to have a show of hands. All those in favor of ceasing debate raise your hand and hold it up until the Clerk can get a count. Record, Mr. Clerk. How many do you say? 26 ayes. Debate has ceased. Senator Wesely, please, closing that is.

SENATOR WESELY: Thank you, Mr. Speaker, Mr. President. I...recognizing handwriting on the wall, a lot of good work has gone into lobbying this bill. A lot of support is there for this legislation and the last time we saw this legislation it

was killed. I'm not anticipating that that will happen today. In fact, I'm sure it won't happen. And so the question again is, is this truly the best policy? I see a number of problems. I recognize the desire of the small towns of the state to develop. I am very much supportive of rural Nebraska and small town development, have been. I have a record that I don't want to get into, but I feel that would recognize that I have supported that. I see this not helping those towns as much as others seem to think it will. This is a bill that applies across the State of Nebraska to every town, large and small, and in my estimation it will be the larger towns that win ultimately as we get into this sort of competition. So, with the alternatives that we have, other ways that we can help the smaller towns, the rural areas of the state, it would seem to me wiser to pursue those policies. And when we start to continue to talk about the tax breaks and the assistance that this proposal envisions, you keep heading down the same road, the old road that we've all been down the last three or four years. It's a road that I think of, obviously been expensive. When we talked about LB 775 nobody talked about 200 some companies or the 40, 50, \$60 million in revenue loss that we're all experiencing now. We talked about 25 companies in a bill that repaid itself from its revenue loss over six years. I raised concerns at that time and forward we went. I see these same sort of concerns, that we don't envision the sort of things that will happen, the sort of competition, the cost, the losses that we'll suffer as a result of the revenues being diverted from other ways to develop our economy. The competition, I think, will not be healthy. I think it will be unhealthy and maybe all of you don't see it now. I do, but nevertheless, I raise that concern and the question is, if this is a constitutional amendment, how do you change? How do you reverse a problem that exists? Seven seventy-five is a bill, we've seen concerns and we can't modify it. We can't seem to make a dent into it whatsoever. If we pass this legislation and find problems in it, can you anticipate any way in which we'll see it taken off the books, the Constitution amended to not continue down this program? That's the biggest concern I have. This may work. There may be ways in which it would be advantageous, but I don't think overall it will be advantageous and if we find that's the case, how do we reverse ourselves? How do we deal with those problems? The Constitution is awfully hard to amend. Many of you have been concerned about Initiative 300 and its impacts and we've seen again despite that, even from modest modifications of that measure, it's almost impossible to change. So we're

heading down a road, the same road we've been on, the road that I think has raised a lot of concerns, but we seem to have forgotten those concerns and we're heading down the road with a constitutional amendment that will be very difficult to change if we have any problems down...down in the future in a few years or even a few decades from now. Despite all those concerns I hear you, I understand what you're saying, you like the idea, you want to go forward. I still object. I still oppose this, but I'll not ask you to vote to indefinitely postpone. You've made it clear that you don't want to do that, but perhaps you'll reflect further on this...this amendment. You'll think further about its long-term implications and maybe you'll change your mind. So with that, I'd withdraw my motion to indefinitely postpone.

PRESIDENT: The motion is withdrawn. Do you have anything else on it, Mr. Clerk?

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

PRESIDENT: Senator Hartnett, please.

SENATOR HARTNETT: Yes, Mr. President, members of my...members of the body, my resolution is found on page 471, 470 and 471. And what I've tried to do I guess with this amendment is to simply to define what cities, what monies the cities can use as far as economic development and it simply reads, for the purposes of this provision, funds from local source of revenue shall...mean funds raised from general tax levied, and that is simply today, simply means from property tax and...sales tax by the cities and villages shall not include any funds received by the city or village which are derived from state or federal sources. So it simply...limits the cities in what monies they can use for this economic development and as has been said here this morning, what happens is that if a company comes to a city council, the city council has to vote for it, has to set up how much money they're going to use and then it is put on the...to the vote of the peoples on the next, either a special or a general election and then it is put into process and if there is any money left over, then that is simply, goes back to the taxpayers' property tax relief. So the purpose of this amendment is simply to clarify the...it is from local source of revenues that means the general taxes which today is property and sales tax. With that, I'd like to have the body adopt this

amendment.

PRESIDENT: Thank you. Senator Withem, please.

SENATOR WITHEM: Yes, Senator Hartnett, I was just reading along with you as you explained the amendment and I have a question about it. Currently, are we not using federal monies and some state monies for the purpose of economic development sorts of projects? Doesn't some of the block grant monies go into city budgets for purposes of economic development?

SENATOR HARTNETT: Senator Withem, for a project like this, it will only use the general monies levied, just the sales and property tax.

SENATOR WITHEM: Would this proposal then, Senator Hartnett, make it so that they could not use? Will this foreclose using federal block grant money for these sorts of projects?

SENATOR HARTNETT: No.

SENATOR WITHEM: Why? I guess the way I read it, it sure sounds like it would.

SENATOR HARTNETT: No, what it is for these specific projects as approved under this constitutional amendment, they can only use sales and property tax.

SENATOR WITHEM: Okay, why shouldn't they be able to also package it together and use federal funds that are available instead of making the local taxpayers pick up the whole burden?

SENATOR HARTNETT: You could probably could use it, but just in the penalty, Senator Withem. We wanted to simply narrow it down so people knew where the funds were coming from.

SENATOR WITHEM: Okay. Well, General File is the time to discuss things and to think about things. I still have the questions. I'm probably not going to oppose the amendment, but I have those questions I think maybe we need to talk about it before the bill goes further as to whether this is a good idea to...because it sure looks to me like, writing this in here, if you have a particular project that you might have some federal block grant money available to help support and you wanted to supplement that economic development project through sales and

local property tax dollars, that you wouldn't be able to do this, you'd have to use all local property tax dollars and that doesn't make a lot of sense to me, but if that's not the intent of what you're doing, we'll talk about that and then clarify the point. Thank you for answering the question.

PRESIDENT: Thank you. Senator Scofield, please.

SENATOR SCOFIELD: I think in given the point we are in this discussion, I'm just going to give my time to Senator Hartnett if he wants to respond to the point Senator Withem just made.

PRESIDENT: I think that's the...those are the last lights. Senator Withem, did you wish to speak again? No? Senator Hartnett, would you like to close?

SENATOR HARTNETT: I'd simply ask that they...the purpose of the thing is to simply clarify what monies can be used for these special projects as approved by the people, that just come from general tax levy and so that I ask for approval of this amendment.

PRESIDENT: Thank you. We'll have to have a roll call vote on this. (Gavel.) Ladies and gentlemen, may I have your attention that we're going to have a roll call vote on this because we can't handle the lighting situation yet, so if you'd return to your seats so the Clerk may take a roll call vote on the adoption of the Hartnett amendment. Mr. Clerk.

CLERK: (Read roll call vote.)

PRESIDENT: Record, Mr. Clerk please.

CLERK: 25 ayes, 2 nays, Mr. President, on adoption of the amendment.

PRESIDENT: The amendment is adopted. May I introduce some guests, please, of Senator Wehrbein in the south balcony. We have 43 K through sixth grade students from Stull School in Cass County and their principal and we have 13 other adults with them. Would you students and adults please stand so we may recognize you. Thank you for visiting us today. Mr. Clerk. Senator Scofield, would you like to discuss your bill, please?

SENATOR SCOFIELD: Yes, Mr. President, thank you. As amended, I

believe we've taken care of the primary concern that defeated LR 21 when it came up a few years ago and this particular measure now I think is ready to be advanced. It is ready to be passed; it is ready to be submitted to the people of Nebraska so that they can decide this fall if, in fact, they agree with our judgment as a Legislature that it is, in fact, appropriate to allow local funds to be used to fund economic or industrial development projects. This is an important measure for small towns and large cities for that matter in this state. Right now, as we've talked about before, the circumstances that prevail, frankly, are one of fierce competition out there not only within our state among communities, but across state lines. As I indicated on the kill motion earlier, we are the only state that has the kind of prohibitions in our Constitution that currently limit the kinds of activities that our communities can engage in. The competition out there for the dwindling federal funds is intense and I would predict, unfortunately, that probably that dwindling is going to continue given the need for the federal government to balance its budget. It seems that they have a propensity to look at funds that benefit local governments and our current situation, you will recall Senator Schmit making statements earlier about what's going on with community development block grant funds. Omaha currently gets \$4.6 million, Lincoln gets \$3.9 million just as entitlements and that leaves a separate allocation of \$9.7 million which all the other communities in the state literally go in and scrap over to try to accomplish economic development. Their range of tools are very, very limited. Their opportunities to help themselves are very, very limited and so by voting to put this on the ballot, this gives our communities a chance to compete fairly with those communities and other states who are out there trying to get the same kind of business we're trying to get. For instance, in Chadron right now we're quite hopeful that we may have a wheat milling operation, probably we'll use some corn as well to do ethanol development and other products related to that. This is a tool that that community could use. This is a tool that communities across the state can use to boost what is a dwindling property tax base in this state. It seems to me that there are some concerns being raised out there about well, gee, can the local taxpayer really decide if they want to do this? If you really believe that the best decisions are made close to home, if you really trust the people who sent you down here, I would suggest that you ought to give them this kind of authority as I don't think that it's as likely to see wild spending occur at the local level or bad decisions made as

perhaps those decisions that are further removed from the...from those local communities. There is a complicated series of steps that have to be walked through that is before you in the form of LB 1229 which has been carefully worked out over the years and so I would suggest that this is an appropriate thing to do, in fact, it's an essential thing to do if we are to give these communities a chance to survive and to prosper and to compete and I would also suggest that we are, in fact, all interlocked, linked together, if you will. Our destinies in this state are linked together and for these small communities who will be the first beneficiaries of this to be able to prosper, it's simply going to translate into wealth into the areas of predominantly Lincoln and Omaha, as those are our major trade areas that we see people coming into. Further, if, as we expect, federal funds continue to go away, I think it's very likely that Lincoln and Omaha will be glad we have these kinds of tools themselves and, in fact, there are a good many cities currently able to carry out activities because they happen to get there in time to get federal funds and they are working successfully and they are doing good things for those communities. But I think if we want to give our communities a future, and if we want to keep some of these small towns alive and give them a chance at survival, this is a tool we have to give them, and with that, I would ask you to advance this bill.

PRESIDENT: Thank you. Senator Wesely, please.

SENATOR WESELY: Thank you, Mr. President and members, I understand the sincere desire of providing assistance again to the small towns of the state. I, again, emphasize to you that I think ultimately they will not be the winners under the bills, they will be the losers, that the larger towns will benefit more than the smaller towns because of the breadth and depth of their resources and in a competition those resources will prevail, I believe. One of the concerns I had about the bill, and I've had a little bit of an answer here is that potentially could be used for retail type activity. And just as an example of where this would cause problems. I understand 1229 did not provide for retail businesses receiving assistance, though the constitutional amendment would not restrict that. But the breadth of the constitutional amendment would allow perhaps the possibility of a local town putting money into retail and the concern I have, for instance, is when a Lincoln decides they want to expand in retail, then the surrounding towns, the smaller towns lose business into Lincoln and a Grand Island

would do the same for their surrounding towns and what you have to recognize in retail, for instance, is that you could allow for a competition, just as an example, where the larger town would prevail over the smaller town but this would also apply to other types of economic development is then you would suck in the retail business from those smaller towns and the larger town as you develop that critical mass that gets people into a retail establishment or a mall or a shopping center or something along those lines and I just use that as an analogy of why I see this as not as beneficial to the smaller towns as some people would believe that it is. In addition, again, I emphasize that analysis of economic development on what is the best way to go constantly finds that the tax breaks, tax incentive route that we keep following here in this state is not the best alternative, that other investments are more effective than economic development, better return for investment and that we constantly keep emphasizing the tax issue when there are other issues in economic development that go without attention. The competition that I talked about, again, we saw Lincoln trying to take ConAgra from Omaha and I know the Omaha senators were upset about that. You can anticipate many more types of activities like that if you pass LR 21CA. (sic) There is so much to get into and I've already expressed a lot of those concerns. I simply once again would object to advancement of the resolution and suggest there are many more problems with this legislation than we seem to recognize.

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

SENATOR SCHMIT: Well, Mr. President and members, I have been, as I told Senator Warner, on both sides of this issue and I'm not sure at this point which side I am today. There are compelling arguments both pro and con and in the usual political manner, I guess I'm going to try to argue a little bit on both sides of the issue and then ask for some more explanations. I'm concerned, first of all, about the ability of those entities who use tax money to lobby this Legislature for the expenditure of additional tax money and I am always amazed at how easily we are influenced and how easily this body will sway from one side to the other. I'm going to give a little specific example. A number of years ago, many years ago I started a program called Gasohol Development that evolved into what is now called the Ethanol Authority, and a number of persons worked long and hard to bring an ethanol industry to this state. A year or two ago a

situation developed where I had developed a position which was in opposition to the majority members of that Ethanol Authority and so all of a sudden I became portrayed as the bad guy and ever one of you at one time or another has been informed that Schmit is a senile old man and is...a poor loser and because the Ethanol Authority wouldn't give him the money to buy the plant at Hastings, that he's mad and wants to put us out of business and after all, we know what is best, we've been working here for six months or so and we can tell you what you ought to do with that ethanol money. Now I'll tell you what. There are, no doubt, some very fine people there. They've been back to Washington, had dinner in the White House several times in the last six months. I've been at this for 30 years. The best I ever got was a bowl of bean soup in the Senate dining room, but anyway the point is this. They have \$18 million which they can use to lobby each of you and to lobby the farm organizations and to lobby the farmers and say, hell, Schmit has gone off his rocker, he doesn't know what he is doing and you can't do anything about it because I have never taken a dime out of that fund. I have spent my own money and my own time on it. We have some of the same problems with the various other subdivisions of government and so I'm inclined to say we do not want to use property tax money in this way. Then I'd turn right around and I look at the money that Omaha and Lincoln receive, about \$8.5 million for...from the federal government, the CDBG Funds as opposed to 9.7 million for all the rest of the state and I look at the economic power that is controlled by Lincoln and Omaha for expenditure of state government funds and I look at how difficult it is for any entity outside of Lincoln or Omaha to obtain any expenditure of public funds because it's natural, it's natural that government resides in these two metropolitan and primary class cities. On the other hand, what are the smaller communities going to do? What about the Columbus and the Norfolks and the Grand Islands and the Bellwoods and the Brunos and the Wahoos? How do they compete? I really don't know how you compete, I really do not know. I know that when the dust settles, ladies and gentlemen, on the property tax issue after the end of this session we're going to have to wind up with a net increase in property taxes, notwithstanding the best efforts of a lot of hard working legislators here to provide some kind of property tax relief. The question then arises, which was raised by Senator Landis and others, how far do you want to diminish that base? And I don't know, I do not know. What about the competing forces between communities? Do we compete, in fact, with each other for these new opportunities

when, in fact...

PRESIDENT: One minute.

SENATOR SCHMIT: ...there are unlimited opportunities available to all of us. Again, I come back to my traditional role and that is one, bragging I guess, about the agricultural role and I'm inclined to suggest that so often we overlook the obvious. We do not expand and enlarge upon the agricultural industry as we should, we do not promote it as we should because that's where our base really is and I wonder how many of these dollars would be expended to assist a local business that has been in this city, community for many years trying to serve the community, trying to provide resources and opportunities for the people of that community. I look at David City. A number of businesses there that have been there for a long time, they have served the community...

PRESIDENT: Time.

SENATOR SCHMIT: They have served the farmers in that community, they do not qualify for any of the benefits we have given under 775, yet they continue to work. I'm going to listen to the debate on this thing and next time I'll try to make a little more sense of what I say, but I just want to say this in closing, that if you're going to oppose constitutional amendment 11 up here, be sure that your own motives are pure and just and then I'll be a little more inclined to listen.

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

SENATOR SCHELLPEPER: Thank you, Mr. President and members, I think one thing that we need to keep in mind is that LR 11 is designed to help the active town. If the town does not want to partake, they don't have to. It is designed to help that active town that wants to grow, that wants to get larger, that wants to help the people in their town. The people of that town have to vote on it before they can do it so it isn't designed for every town because some towns will not want to grow. Some towns...I think they're happy to stay where they're at, but this, LR 11, is designed to help the towns that really want to get active, try to get some industry in that town, try to grow a little bit. And so I think that this bill is very important for those towns. Sure they're going to compete against other towns, but if

they're willing to do that, if they're willing to take a chance in that town, I think they deserve to have that right and I would urge that you support LR 11. Thank you.

PRESIDENT: Thank you. Senator Hartnett, please.

SENATOR HARTNETT: Mr. President, members of the body, I also rise to support LR 11CA. I think the thing we...and I think Senator Wesely talked about it, one of the things that we didn't do a couple of years ago is we didn't have enabling legislation and so this year we advanced out of Urban Affairs Committee, LB 1229, and what we tried to do with that bill is to really define what cities can use as far as for economic development and I think that whether it will help the David Citys and the Bellwoods, I don't know. I think maybe it will help the Bell...or the David Citys more than they would the Bellwoods that Senator Schmit talks about. But what we have tried to do is to put a very narrow focus that cities can use as far as for economic development, that it has to be approved by the city council, it has to go to the vote of the people, it's only for a specific project rather than very broad area and if there is any money left over in the project, it simply goes back to the...to the voters of the people as passed over the years. So it's...we try to, with LR CA (sic) and with LR...LB 1229 is to define both ends of it. That was a problem of a couple of years ago and only the funds from, with the amendment we adopted, only the funds from sales and income tax can, or sales and property tax can be used for these projects, for these specific projects. So I think it is a good plan and I think, like Senator Schellpeper said, some of the communities in the state, smaller communities, are more active in trying to attract...attract industry and I think that we should let them, the city council and the voters vote on it and decide if this is a worthwhile project to use their money for. Thank you.

PRESIDENT: Thank you. Senator Morrissey, please.

SENATOR MORRISSEY: Yes, Mr. President and members, thank you. I rise in support of LR 11. Going around the state this summer on rural revitalization committee hearings, one of the...not one of the, the biggest problem was access to funding that these smaller communities had. Over and over we heard that, access to funding. I think 11, LR 11 would give them the access if approved by the voters. If they can convince their constituency that this is something that will be helpful, then they can

access this funding mechanism. I have an example in my district, Falls City is using the federal revolving funds right now and using them very effectively, very effectively, but once these funds dry out, dry up, then where will they go, where will they go? They will have nowhere to turn once that funding from the feds quits. And my other cities and towns can't access this federal funding right now because they have been basically eliminated. Falls City still...still applies for them because of a grandfather clause that is...that is allowed in this funding, but my other towns cannot access this funding. So I know that it can work very well and I know that my local city administrators can use this money to good advantage for the cities as proven in Falls City and I think more access to funding is what these folks need and it will have to be approved by the citizens. I don't think we'll run into a situation where it will be abused in my area and I'd ask your support because we're really looking hard for a place where we can access some money and this is a good start on that and I'd ask for your support of LR 11. Thank you.

PRESIDENT: Thank you. Senator Peterson, followed by Senator Schmit.

SENATOR PETERSON: Question.

PRESIDENT: The question has been called. Do I see five hands? I do. The question is, shall debate cease? Please raise your hands if you wish debate to cease so that the Clerk may count them. The question is, shall debate cease? Okay. We need the hands up and held up continuously so that he can count. Just one hand, please. I guess we'll have to go to a roll call, Mr. Clerk. Sorry about that. The question is, shall debate cease? Mr. Clerk.

CLERK: (Read roll call vote.) 27 ayes, 3 nays to cease debate, Mr. President.

PRESIDENT: Debate has ceased. Senator Scofield, did you wish to close, please?

SENATOR SCOFIELD: Thank you, Mr. President. I rise to ask you to advance LR 11 and to give the communities across the state an opportunity to compete with those communities across state lines who already enjoy this opportunity. One point I think that needs to be restated is the opportunity here to encourage

interlocal agreements. As we traveled around this state and we listened to communities, the level of sophistication of these communities is really quite high in terms of understanding what they need to do to promote their own well-being regionally, and communities, time and again, have said, we know that if one community near us benefits, that we may benefit indirectly either in terms of housing development or jobs for our people who will drive into that other community. That is a significant change I think over perhaps what we might have seen 10 years ago. So I think that that is a point it is important to understand about this is, it isn't just going to be competition among towns, that these towns understand that their futures are linked together just as I would hope that our urban friends, our metropolitan friends understand that their destiny is linked to the well-being of the destiny of the communities across the state. The other point that I would emphasize here, too, in terms of the need to make sure that industries develop that make sense for Nebraska. Our number one industry is agriculture and more than likely many of the activities that might be considered here I think will be those kinds of activities that would add value to agricultural products. I cited the one earlier that Chadron is continue...currently considering and I think we'll continue to see a major emphasis on not just exporting our production, but to use this as a tool to add value to our agricultural products which creates new jobs and encourages the production of wealth within our communities. Without these kinds of tools I think it's likely that those plants are going to be built across the state line some place. That's a real risk we run in the Panhandle is that it's just as easy to build one of these facilities across the state line if...you can't compete effectively and so I guess the point I want to make is I trust the people that I represent to make wise decisions about how their tax money is going to be spent. They're not going to vote for some hair-brained scheme. In fact, I think they're less likely to wade off into dangerous waters sometimes than we are because they are closer to the facts. They know the situation and the best decisions are made close to home. So I would urge you to advance LR 11, give people a chance to vote on it and give these...communities across the state to not only survive, but perhaps to prosper. Thank you.

PRESIDENT: Thank you. Mr. Clerk. The question is to advance the bill and I assume...Senator Scofield.

SENATOR SCOFIELD: Perhaps we should have a call of the house

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and a roll call vote to make the Clerk's life a little easier, Mr. President.

PRESIDENT: All right. The question is, shall the house go under call? Do I see five hands? Let's have everybody's hands raised that is in favor of going under call so he can count. Keep your hands up, please, otherwise they... Anybody opposed to having a call of the house? We're under call. The house is under call. Will you please record your presence. Those not in the Chamber, please return to the Chamber, record your presence. Unauthorized personnel, please leave the floor. We're looking for Senator Ashford, Senator McFarland, Senator Scott Moore, Senator Schellpeper, Senator Chambers. We're looking for Senators Moore, Chambers and McFarland. Now we're looking for Senator McFarland. Senator Scofield, we're absent only Senator McFarland. Do you want to authorize to go ahead or do you want to wait? We'll go ahead. Ladies and gentlemen, the question is the advancement of the bill and there's a roll call vote. Mr. Clerk.

CLERK: (Read roll call vote. See pages 1612-24 of the Legislative Journal.) 33 ayes, 5 nays, Mr. President, on the motion to advance LR 11CA.

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

CLERK: Mr. President, one item, and that is a hearing notice from the Transportation Committee on a confirmation. That's all that I have, Mr. President.

PRESIDENT: May I introduce some guests, please, under the south balcony. Senator Korshoj has his sister, Betty Megrue and her husband, Gene, from Blair, Nebraska, and their daughter, Libby Megrue, from Omaha and friends, Voyne and Mabel Harris from Blair. Would you folks please stand and be recognized by the Legislature? Then in the south balcony Senator Beck has 50 fourth graders from St. Bernard's in Omaha with two teachers. Would you teachers and students please stand so we may recognize you? And thank you for visiting us today. We'll move on to LB 1153, please.

CLERK: Mr. President, LB 1153 was a bill introduced by Senator Barrett. (Read title.) The bill was introduced on January 16 of this year, Mr. President. At that time it was referred to

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we build them into an ongoing budget. But in the case of many of these charitable organizations, when you're talking about \$1,500 to a local community, that could be divided up five or six different ways, depending on how many bingo games are being run in that community. It might only be two or three hundred dollars to that local entity, that local charitable organization, but that means a lot to them. That's two or three hundred dollars that they can continue to spend to have that organization provide whatever services they may in the area of not for profit resources. In the case of what I'm most familiar with in my area, we have a number of parishes that operate private schools, that unfortunately they depend on this revenue in order to continue to function. They have to do it to keep down their costs to also keep up with costs that they have no control over, costs such as utilities, that they have to continue to pay and still provide a benefit to the local subdivisions in the form of educating kids, that otherwise would fall into the school system, at a much greater cost than this 2 percent reduction in tax could ever amount to. We're talking about \$440,000 to not for profits, that will generate, if you were to look at the goods and services that are provided to the communities, millions and millions of dollars that the local subdivisions would have to pay, they would have to raise in the form of taxes in order to offset what happens, what services are performed by those charitable organizations should they go out of business. And, ladies and gentlemen, they're a business just like any other business we deal with. When we talk about taxes for business, we always talk about taxes in the form of we want to enhance business, we want to enhance those businesses so that they can grow and prosper. Well, the same thing is true for not for profits, they're a business. And this very small amount of money, \$440,000, the 2 percent reduction in the tax, would enhance those businesses. They provide services that, should they no longer provide them, they will have to be picked up at a much greater cost by those local subdivisions. I would urge you to support this portion of the amendments. Yes, it does amount to money. Yes, money is always a critical thing for local subdivisions. But we just advanced over, a couple of bills back, a...LR 11CA, and it allows us to raise taxes at the local level through a vote of the people for economic development, those types of things. I would argue that the reduction in the bingo tax is just a grade, a form of economic development as 11CA. As a matter of fact, it's a proven economic development factor, because we often talk about all those things that not for profits do in the community that make our communities that

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LB 42A, 923, 931, 1059, 1059A, 1063A, 1221
1222, 1222A, 1241, 1244A
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Mr. President, Enrollment and Review reports LR 11CA to Select File. That's signed by Senator Lindsay as Chair.

Mr. President, your Committee on Enrollment and Review reports LB 42A, LB 931, LB 1059, LB 1059A, LB 1063A, LB 1222, LB 1222A, LB 1241, LB 1244A, all reported correctly engrossed. (See pages 1648-53 of the Legislative Journal.)

Hearing notice from Business and Labor for confirmation hearing, signed by Senator Coordsen as Chair. (See page 1653 of the Legislative Journal.)

Mr. President, Senator Beck would like to add her name to LB 923 as co-introducer. That's all that I have, Mr. President.

SPEAKER BARRETT: Mr. Clerk, proceeding to LB 1221.

CLERK: Mr. President, LB 1221 was a bill introduced by Senator Hannibal. (Read title.) The bill was introduced on January 18, referred to the Urban Affairs Committee for public hearing, advanced to General File.

SPEAKER BARRETT: Senator Hannibal, would you care to open on your bill?

SENATOR HANNIBAL: Thank you, Mr. Speaker, and members of the Legislature, LB 1221 is a bill, as you heard, came through the Urban Affairs Committee and LB 1221 does two things basically. It deals with the Omaha Plumbing Board and most of you have been made familiar with the issue even though it doesn't affect anybody...anybody's district with the exception of the City of Omaha. I hope I have had a chance to talk with all of you and I have heard...and I imagine you have been talked to by those that are not necessarily in favor of the bill. But anyway LB 1221 does two things to the Omaha Plumbing Board and, for those of you who are not familiar, the Omaha Plumbing Board is a five-member board consisting of four members that are considered in the plumbing industry, a journeyman plumber, a master plumber, four members there, and one health officer. LB 1221 expands that to add two new members to it, to the plumbing board and those two members would be a mechanical engineer and an architect. The third...second thing it does with that plumbing board is it removes...the specific requirement that the health officer serve on the board and allows the mayor to appoint a person from the general public as the fifth...or the seventh

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LB 1246, 1246A
LR 11

not at this time think it is probably necessary to pursue this. I wanted to bring it up on the floor and I want to emphasize at this time that Senator Chizek, Mr. Glaser have indicated they will research this aspect and try to determine if there is a need to further reinforce the statutes in this area. I think if you go back and review what Senator Landis has said, you will note that there is ambiguity there, but I do not want to cloud the issue on LB 1246. Therefore, Mr. President, I ask unanimous consent to withdraw the amendment.

SPEAKER BARRETT: Thank you. If there are no objections, it is withdrawn. Mr. Clerk.

CLERK: Mr. President, I have nothing further pending to LB 1246.

SPEAKER BARRETT: In that event, the Chair recognizes Senator Lindsay.

SENATOR LINDSAY: Mr. President, I move that LB 1246, as amended, be advanced to E & R for engrossment.

SPEAKER BARRETT: Any discussion? If not, shall LB 1246 be advanced? All in favor say aye. Opposed no. Ayes have it. Motion carried. The bill is advanced.

CLERK: Mr. President.

SPEAKER BARRETT: The A bill (LB 1246A).

CLERK: Yes, A bill. Senator, I have no amendments pending to the A bill.

SPEAKER BARRETT: Senator Lindsay.

SENATOR LINDSAY: Mr. President, I move that LB 1246A be advanced to E & R for engrossment.

SPEAKER BARRETT: Is there discussion? Seeing none, the question is, shall LB 1246A be advanced? All in favor say aye. Opposed no. Ayes have it. Motion carried. The bill is advanced. LR 11CA, Mr. Clerk.

CLERK: Mr. President, I have no E & R to the resolution. I do have a motion from Senator Wesely, that motion be to

indefinitely postpone. Senator Scofield I believe is principal introducer, has the option to lay the resolution over, Mr. President.

SPEAKER BARRETT: Senator Scofield, what are your wishes?

SENATOR SCOFIELD: Let's take it up.

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

SENATOR WESELY: Thank you, Mr. Speaker, members, I'll be very brief. We already debated this on General File. I expressed my concern, my feeling that it was a bad policy, but I would like to ask some follow-up questions. Senator Conway has come to me today and asked me about my views about other states and what they have versus what this allows for our local cities, and I was trying to recall from the days we studied this issue what... where we were at and did go back in and do some research and found the question is not easy to answer. And so I'm going to ask Senator Scofield and Senator Hartnett, as the primary sponsors of this, if they could get into the question of how this measure would provide for our local municipalities this authority and how that would compare to an Iowa, a Kansas, other states? I mean, we've been talking about keeping up with the other states, trying to compete with the other states. I've been saying we're going to be really just compete between cities within the state. But if we are in competition with other states, what are the tools that the other states have in this area that we do not have? And if I could get that answer from either one of you I'd appreciate it so I'd like to ask that question.

SPEAKER BARRETT: Senator Scofield.

SENATOR WESELY: I'm asking Senator Hartnett.

SENATOR HARTNETT: Yeah, I'll...

SPEAKER BARRETT: Senator Hartnett, excuse me.

SENATOR HARTNETT: ...I'll start. Maybe Senator Scofield has something to add to it. I guess, Mr. Speaker, members of the body, Senator Wesely, I think we are about the only state that has a constitutional restriction. I think in the early 1970s, I

think it was 1972, we passed a law or passed it and that was declared unconstitutional in... later in the 1970s. And I think that cities and other places it's not... it's done more through regulatory policy rather than a constitutional, and I think in other places it's pretty wide open. Cities can do lots of things, I think. I've been told by someone who knows a little bit more about it like in Kansas they could buy land for a plant and so forth. I think the difference here is I think with the enabling legislation that we advanced is that it would have to be a vote of the people. The city council would have to present a plan, would have to go to the vote of the people of how much money is this project going. So I think that it's a different ball... it's a different playing field simply because of our restrictions on our Constitution we have in this state and I think that's what this... why we're trying to do the LR 11, is to do away with the constitutional restrictions that we have right now based upon a Supreme Court case back in the 1970s.

SENATOR WESELY: But you don't have any particular documentation from the studies you've done or anything particular...

SENATOR HARTNETT: I guess we did not look at... we did not look outside the area. I think there has been a national council, development council. But I think from what I can... talking to some people, Senator Wesely, I think it's pretty open what they can do in each of the different states. I think an example was given be in Kansas. They can go... they can buy land. You know, like Hutchinson, Kansas, can buy land and so forth. So it's mostly with... they have to go through the... probably through the Department of Economic Development, but it's not restrictive in our Constitution like we have here.

SENATOR WESELY: Okay, now ability to buy land, there is also, of course, the ability to have tax exemptions at the local level and there's been a lot of push on (inaudible).

SENATOR HARTNETT: That will not... that's not in this.

SENATOR WESELY: Right, and that's what I was wondering about.

SENATOR HARTNETT: Yeah. No, that... I would be against that.

SENATOR WESELY: Right.

SENATOR HARTNETT: Senator Wesely, yeah.

SENATOR WESELY: But this would allow for purchase of land as these other states do and...

SENATOR HARTNETT: If it is approved, if that's, the project, is approved by the voters, say, of a community. It's up to the voters of the people... the people of the community. A plan is presented, has to pass the city council, and then it goes to the... a vote of the people and the people making the decision as this and then they have an economic development project from that.

SENATOR SCOFIELD: Well, I think...

SPEAKER BARRETT: Senator Scofield.

SENATOR SCOFIELD: ...I think, Senator Wesely, I think the important point here has already been made and that is, is we are the only state that don't have... does not labor under the.... I'm still not saying that right. We are the only state that labors under the constitutional restrictions that other states have and, coming from a part of the state that very much competes more with communities in South Dakota, communities in Colorado, communities in Wyoming, there are a good number of activities in addition to being able to acquire land that make a big difference. We have, for instance, manufacture... a manufacturer in my area that has as an objective to become, once again, a major saddle manufacturer in this state. That business was pretty much taken away from this area some years ago. So there's training opportunities that other states may be able to offer that we cannot offer, and you perhaps have done enough work with some of the efforts, too. I don't know how much effort you've actually been involved in in trying to bring economic development into your own community. I have recently been involved in some with my own. And a lot of times it doesn't take very much to bring a small manufacturer, some small activity, into your community that frankly is going to make the difference between whether that community strengthens its tax base or weakens it. And so we simply are removing a barrier here that other states don't have to labor under. The other argument that continually surfaces here is the thing about competition between communities. Whether we do this or not isn't going to change, in my opinion, the circumstances of competition between communities within this state. That will continue at its current rigorous pace. In fact, one of the

things that I would point out about the provisions that we envision the way this would work is, if anything, this, through the encouragement of such things as interlocal agreements, probably enhances more regional agreements. Many communities now are realizing that something that happens down the road is good for them in the rural area, and so I think this opens the door for that and maybe it actually brings about more cooperation among communities in this state. But if you live along a state line anywhere, you have to be very much aware of what's going on across that state line, whether it's a small manufacturing effort. There are a couple of things we're in competition with out there right now that I would prefer just not to bring up at this point, but they're there. The competition is very real and, you know, who can say what's going to make the difference? And so the constitutional provisions are really what we need to be concerned about here in terms of just tying our communities' hands in Nebraska with restrictions that the surrounding states, quite frankly, don't have to deal with. And we're all rural states. We're all out there fighting for our lives. The future of rural America doesn't exactly look bright and shiny unless we do some things to make sure that Nebraska is competitive. I might point out that New Horizons has recognized the need to do this. So basically we're giving our state, our communities in our state a fair shot that is no different than what our neighboring states already have the advantage of having.

SPEAKER BARRETT: Senator Scofield, your light is next. Would you care to make any other comments?

SENATOR SCOFIELD: Well, I guess I would just... I would just continue here, Mr. Speaker. I would urge that if this motion isn't pulled that we defeat it and go ahead and move it. It is... it has been unfairly, I think, compared with some tax incentive legislation that was passed a few years ago and, frankly, this is an entirely different kind of proposition. It's one of the most important pieces of legislation that we're dealing with right now in terms of giving our small communities in this state an opportunity to get out there and do some good things for their future. And I think most people in here recognize that the big towns and the little towns all depend on each other. There is not an imaginary wall between the metropolitan part of this state and the rest of the state; that they very much are dependent on our welfare to continue and this is an important tool to the future of small cities and I would

ask that you defeat the kill motion and advance the bill. Thank you.

SPEAKER BARRETT: Senator Schellpeper, please; followed by Senators Wesely and Hefner.

SENATOR SCHELLPEPER: Thank you, Mr. Speaker. If you will look back when we had the New Horizons program, one of the recommendations that they made was that we allow the communities to do this and I think that's very important because the city officials out there saw this as a very important tool to use to attract industry to our towns. And no town has to use this unless they want to. All we're doing is allowing them the authority to do this. The local voters are the people that will have the authority to say we want to use tax dollars or we don't want to use tax dollars. LB 775 did not have that. This measure will allow the local voters the right to make that decision. I think that's very important and I think we need to defeat this kill motion. Thank you.

SPEAKER BARRETT: Senator Wesely, please.

SENATOR WESELY: Thank you. Briefly again, Mr. Speaker, I appreciate Senator Hartnett and Senator Scofield's attempt to answer my questions. I still feel we're dealing with a very vague area here. I know it's not always easy to know what we're talking about in terms of what other states are doing, but this is truly a bill aimed at competition with other states. We're dealing with our border states. We're dealing with other states. The whole argument has been that we need to have the tools that other states have and yet the vagueness of the responses has me still concerned about what exactly it is that they've got that we don't have. What exactly do we have that they don't have? What is the competition we're in and is this, in fact, the sort of thing we have to have? I would think that at this point in discussing this issue we'd have a little clearer information, a little more documentation of exactly the circumstance. When we dealt with the ConAgra situation with LB 775, they had the study of where we stood with other states. They talked about the income tax, the comparisons, the different advantages that they had in this state versus another state, and we got into a bidding war, essentially, with other states over that matter, but we at least knew what other states were doing. Here, we're in a bidding war that we don't even know what... who we're exactly bidding against, against what sort of odds. And

so it seems to me that a little more information would be valuable. A little late to ask for it, but nevertheless makes my point about being concerned about this whole area. I think also Senator Scofield talked about the competition in that there's already competition between Nebraska cities internally, and I agree there is that competition. I interject tax dollars are allowed for this competition. Taxes and taxpayers will be interjected into that competition and I think that is very much a difference that needs to be understood, that we're talking about public tax dollars and how we use those public tax dollars. And so to be cautious and concerned I think is appropriate and valid, but let me again reemphasize that there's no lack of concern on my part for the smaller towns and their economic development and the desire for the state to develop economically. I'm very much in support of that. But there are two ways to go, two paths to follow, and one is in terms of incentives and tax breaks and that whole area. We've been down that path. This would take us further down that path. The other way to go deals with the sort of things that I've tried to talk about with research and education, venture capital, things along those lines that build a different type of economic development program than what this one would do in the strategy that it promotes. There are two different philosophies. I simply have a different view of how best to develop the economy and I continue to believe that this proposal's a mistake but, in the interest of time, I will withdraw my motion to indefinitely postpone.

SPEAKER BARRETT: Thank you. It is withdrawn. Anything else on...

CLERK: Mr. President, I have nothing further pending on LR 11.

SPEAKER BARRETT: Senator Lindsay.

SENATOR LINDSAY: Mr. President, I move that LR 11 be advanced to E & R for engrossment.

SPEAKER BARRETT: Any discussion? A request for a machine vote. All in favor of advancing the bill to E & R Engrossing vote aye, opposed nay.

SENATOR HEFNER PRESIDING

SENATOR HEFNER: Have you all voted? Record.

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LB 1153
LR 11

CLERK: 26 ayes, 3 nays, Mr. President, on the advancement of LR 11.

SENATOR HEFNER: The resolution is advanced. Next bill, LB 1153.

CLERK: Mr. President, LB 1153, Senator, I have E & R amendments pending, first of all. (See E & R amendment AM7201 as found on page 1736 of the Legislative Journal.)

SENATOR HEFNER: Senator Lindsay.

SENATOR LINDSAY: Mr. President, I move the adoption of the E & R amendments to LB 1153.

SENATOR HEFNER: All in favor say aye. The E & R amendments are adopted.

CLERK: Mr. President, Senator Byars would move to amend the bill. Senator, it's on page 1739. It talks about an instrument submitted for recording in the register of deeds office. (See Byars amendment AM3212 as found on page 1739 of the Legislative Journal.)

SENATOR BYARS: Oh, yes, thank you.

SENATOR HEFNER: Mr. Byars, Senator Byars.

SENATOR BYARS: Thank you, Senator Hefner and members of the body. This is, in effect, was a bill that was introduced last year and is being attached to this bill as an amendment which was brought to me by the Nebraska Association of County Officials for the registers of deeds throughout the State of Nebraska. It is primarily a change in providing additional space on the front page of the recording document and changing the fee schedule in order to allow them to simplify the matters in recording... in recording instruments. There was strong support for this bill when it came to the committee by all of those parties affected, and I would urge the adoption of the amendment.

SENATOR HEFNER: Anyone else wishes to talk on this? Senator Byars, your closing? He waives off closing. All in favor for the amendment vote aye; all those opposed vote nay. Have you

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LB 1055, 1153, 1153A, 1221, 1246, 1246A
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SENATOR WITHEM: ...they are going to vanish again, and will surface again maybe once again when the Legislature meets and starts talking about this. You also notice in this article, Regent Blank talks about what we really need is stronger centralized coordination. We regents have always favored that. That is, with the risk of offending some people, hogwash. They have never favored that. They have opposed it. As a matter of fact, it is interesting that they said what we really need is stronger coordination, they said that two days ago. Now that Senator Warner has his amendment up, they are back there in the rotunda saying, oh, no, don't do that, public hearings, all of these other silly reasons to oppose the Warner amendment. What they really want to do is to be left alone. They want to spend a quarter of our state budget without having any sort of oversight over it. That is what they really want, and they will continue to want that until this Legislature steps forward. If you are serious about doing something this session on higher education coordination, you ought to vote no on the bracket motion.

PRESIDENT: Time.

SENATOR WITHEM: If you want us to continue to wrestle with this, then you ought to vote in favor of the bracket motion. How you vote, frankly, is your own concern.

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

CLERK: 4 ayes, 18 nays, Mr. President, on the motion to bracket LR 239.

PRESIDENT: The bill is not bracketed. Do you have something on it, Mr. Clerk?

CLERK: I do, Mr. President. May I read some items for the record.

PRESIDENT: Yes, please.

CLERK: Mr. President, your Committee on Enrollment and Review respectfully reports they have carefully examined engrossed LB 1055 and find the same correctly engrossed, LB 1153, LB 1153A, LB 1221, LB 1246, LB 1246A, and LR 11CA, all of those

SENATOR CROSBY: Thank you, Mr. President. You think we aren't going to get the end of Final Reading, is that it?

PRESIDENT: Well, there is always the possibility.

SENATOR CROSBY: All I wanted to say and I am not going to make any big speech about Arbor Day because we all know how we feel about trees in this state, and Arbor Day is upcoming. It is also going to be Earth Day. You see a little tree here between Senator Rogers and me, and each one of you is having one of these delivered to your office today in recognition of Arbor Day, and it is through the courtesy of the Lower Platte South Natural Resources District, and I thank them for that, and I hope you enjoy your tree and plant it someplace or give it to someone to plant. And the other thing, I do want to say that Frank Marsh, our State Treasurer, was instrumental in getting the Lower Platte South to give us these trees. So, thank you.

PRESIDENT: Thank you. We will move on to LB 11CA (sic). Please return to your desks, ladies and gentlemen. Thank you. Mr. Clerk.

CLERK: (Read LR 11CA on Final Reading.)

PRESIDENT: All provisions of law relative to procedure having been complied with, the question is, shall LB 11CA (sic) pass? All those in favor vote aye, opposed nay. It required 30 votes. Have you all voted? Have you all voted? Record, Mr. Clerk, please.

CLERK: (Read record vote. See page 2010 of the Legislative Journal.) 34 ayes, 11 nays, 4 present and not voting, Mr. President.

PRESIDENT: LR 11CA passes. LR 239CA.

CLERK: Mr. President, I have a motion. The first motion is by Senator McFarland. Senator McFarland would move to return LR 239CA to Select File for the purpose of striking the enacting clause.

PRESIDENT: Senator McFarland, please.

SENATOR MCFARLAND: Thank you, Mr. President, and fellow

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LB 431, 1031, 1055, 1059, 1109, 1124, 1141
1153, 1153A, 1221, 1246, 1246A
LR 11

retarded in our state. But let's do so in a fashion that makes sense, that is accountable, and we understand exactly what we're getting for our money. And, so these could have been met, both of these goals could have been met with language the Appropriations Committee put out, but that language was rejected. Instead money was added and language deleted, and so that is what's put me in this quandary. I hope, as we work through this issue, and I think we should take some time, it's a 2 million dollar issue, we should try and understand what we hope to accomplish through this change. And I would like to see, on the part of those particularly promoting this amendment, a commitment to deal with this problem and correct these problems, and that might ease my concerns and allow me to vote for this. I need to hear from supporters of this that they know there is a problem and want to deal with this...

PRESIDENT: Time.

SENATOR WESELY: ...problem, otherwise we simply get ourselves into a cycle and a Catch 22 that will not ever end and continue down the road with further problems.

PRESIDENT: Thank you. While the Legislature is in session, and capable of transacting business, I propose to sign and do sign LB 1109, LB 431, LB 1055, LB 1124, LB 1153, LB 1153A, LB 1221, LB 1246, LB 1246A, LR 11, and LB 1141. Senator Warner, please, followed by Senator Hannibal.

SENATOR WARNER: Mr. President, members of the Legislature, again, I indicated earlier that as we go along I would at least inform you of the status of the reserve fund as we go. And, as indicated earlier, LB 1059, and that's the only thing we can key to on this because it does make a difference, if this amendment is adopted, and if 1059 is overridden, why there will be a million four left that could be overridden this year and still maintain the 3 percent reserve. However, if this is overridden, if you look out beyond into the next biennium, we would be in a two and a half million deficit situation. But that is no legal requirement to observe that. But it is something that one needs to keep in mind, that assuming that the growth is something less than 6.5 percent in each of the two years in the following biennium, why we would certainly have a problem. On the other hand, if 1059 is not overridden, why then there is something like 3.6 million left, even though this is overridden. And that then is not so tight. But you should keep in mind that as we go

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LB 1141
LR 11

CLERK: Mr. President, I do, thank you. I have a series of communications to the Secretary of State from the the Clerk attesting to the overrides. That's signed by the Presiding Officer on the bills you have just enumerated.

And, in addition to that, Mr. President, communication from the Clerk from the Secretary of State indicating that engrossed legislative resolution number LR 11 and LB 1141 were received in my office on April 9 and filed in this office and made a part of the public record. And that's all that I have, Mr. President.

SPEAKER BARRETT: Thank you. The Chair recognizes Senator Schmit.

SENATOR SCHMIT: Mr. President and members, a point of personal privilege, please.

SPEAKER BARRETT: State your point, sir.

SENATOR SCHMIT: Mr. President, the Franklin Committee would like to make a brief report to the Legislature at this time. I know it is late and we have many other items of business so I will be very brief, but I would like to indulge you if I could.

SPEAKER BARRETT: Proceed.

SENATOR SCHMIT: Mr. Speaker, as the legislative session comes to an end, I would like to take this time to advise all of you about several matters pertaining to the work being conducted by the Special Legislative Committee in investigating the failed Franklin Credit Union. Over the past several months, the convening of the Douglas County Grand Jury, the media's persistence in publishing information about our investigation from unofficial and/or unnamed sources, comments by less than public officials about the reliability of statements made by witnesses to the committee, and debates about the nature and quality of our work, prompts us to make this brief statement. The Franklin Committee has strived to maintain a low profile about our investigation, and to date, has made no official comment about the results of our investigation. We submitted a report at years end, and we intend to file a final report at the conclusion of our work. We have conducted our investigation in such a fashion as to protect the interest of those witnesses who have come before the committee at great personal risk, as well as those who may have become the subject of the committee's