warrants should not be redeemed within that period of time there can be an exception made. Today one of the larger difficulties with SID's is that there is no requirement that warrants be redeemed at any period of time. Therefore, the debt is allowed to accumulate over long period of time without any sound fiscal planning and the result is that after the development progresses future property owners, with no idea of what the debt obligation is in an area they move into, subsequently end up with a tremendous mill levy obligation. In order to retire a debt which had been scheduled and planned and levied for over a period of time would have been more reasonably disposed of. This would require that the warrants be redeemed within those periods of time, three and five years. Three years for operation, five years for construction.

In addition to that it provides for a more detailed level debt scheduling. Originally LB 313 would have required that the bonded debt be retired in substantially equal installments over the life of the bond. We've modified that in the amendments, amendment 15 ... amendment 15 relating to the retirement of the general obligation bonds would now read "Each issue of general obligation bonds shall mature or be subject to mandatory redemption so that the first principal repayment is made not more then five years after the date of issue. The bonds then outstanding shall be repaid within ten years after the date of such issue. Such bonds shall bear interest payable annually or semi-annually". What we're attempting to do there is to reach a compromise between the substantially equal annual retirement of debt and no restrictions whatsoever, which is pretty much what it is now. Today you have a situation where SID's are allowed to defer payment of their debt on their general obligation bonds to point that it results in extreme balloning at some time on the bond at the later end. Of course they hope to be annexed so that they won't have to meet that obligation, or the developer hopes that he'll be out of the development by that point, leaving it to the future property owners in residence of the district and an excessive mill levy. That's what the bill is designed to eleviate and to require that these obligations be met in the early stages that development as well, but not in such a manner as to preclude development. The original 313, possibly, would have had that affect in that at the beginning stages you have a low assessed value and, therefore, it's not capable of sustaining much repayment of debt. I believe that amendment 15 is a workable compromise.

I move the adoption of these amendments. With that explanation I'd be happy to answer questions.

PRESIDENT: Senator Keyes.

SENATOR KEYES: Mr. Speaker, I had some people go over these amendments that Senator Cavanaugh has offered. I'm going to support them. There is one question I'd like to ask Senator Cavanaugh. This bothers me just a little bit in the way he explained it. Senator Cavanaugh, you say we can go to warrants for three to five years. Is that right? I think that one amendment says that.