

March 15, 1976

CLERK: Mr. President, I move for the introduction of the attached bill. Signed, Senator Marvel. It's request number 1520, dealing with the Board of Trustees of the Nebraska State Colleges to acquire Majors Hall on the Peru State College campus.

PRESIDENT: Senator Marvel.

SENATOR MARVEL: This is the fifth of the capital construction bill. We had to wait until today because Senator Stull was absent last week and I will yield the floor to him to explain what the bill is.

SENATOR STULL: Mr. President, members of the Legislature, we would ask for this bill to be introduced and I think most of us have known for some time that there is a problem on these revenue bonds for dormitories to state colleges, or at least to some of the state colleges and the one at Peru is the one that is probably lacking the revenue to service the bonds and the State Board of Trustees for the colleges have a plan down at Peru to use Majors Hall as the one that we are talking about. That would be used as their health and physical education facilities. There is about six hundred thousand dollars that is due on this building and this bill that we want introduced would appropriate four hundred and fifty thousand dollars to the Board of Trustees so they could go ahead and bargain and buy these bonds at a discount. Now if for any reason they couldn't accomplish this, then the money couldn't be used for any other purpose. Those bonds when they are set up, they are to bring in one hundred and twenty-five per cent of the amount to pay them off. There would be a reserve there. Now since in 1971 the bond fund or the surplus went down to ninety-three thousand and five hundred and eight and in 1972, it increased and went back up to one hundred and thirty-eight thousand five hundred and sixty-six. In 1973, it came down to a hundred and twenty, two hundred and eighty-six but then the real big drop was in 1974, and their surplus was at forty-eight thousand one hundred and seventy-two. Then in 1975, it dropped down to seven thousand seven hundred and three dollars. So they are in real trouble on this facility. They have planned so that it would be incorporated and would be used. At the present time, it isn't being used and I would urge you to go ahead and vote for the introduction of this bill. We will have further information for it when it's debated on General File.

PRESIDENT: Senator Cavanaugh.

SENATOR CAVANAUGH: Question of Senator Stull.

SENATOR STULL: Yes sir.

SENATOR CAVANAUGH: It's a little variation on the bail out bill of a couple of years ago, 388, was that it?

SENATOR STULL: That was a constitutional amendment. A proposed constitutional amendment and when that was introduced, you know, you could have sold bonds, new bonds, at a fairly attractive rate of interest. Since that time there's been a change in the bond market and that approach is no longer very attractive, Senator Cavanaugh.

SENATOR CAVANAUGH: Don't we still have a constitutional problem as far as the state taking up these bonds?