

May 4, 1983

LB 429

There is money available to pay for these items. I think they can raise the money if they need to and I think they can cooperate in finding the resources to purchase those truly needed hospital equipment purchases that they are talking about. But the incentive of having tax exempt bonding is too alluring an incentive and they are willing to take steps and make purchases and investments that they would not otherwise make because of that incentive. It distorts the marketplace in an area that it should not be distorted to the degree that it is. Keep in mind we are amending in 429 the Business Development Finance Act. Business development. You are amending into business development, hospital development, which is a completely different concept from what I think that bill originally was intended to do and which I think LB 626 is trying to do. Those attempts are to broaden our tax base, allow for business expansion and to use those tax exempt bonds in that manner. What hospitals do with the use of these tax exempt bonds isn't to plug more money back into our system but in fact this bill has now been amended to only apply to nonprofit hospitals, nonprofit health care entities so that there is no tax revenues from this increased use of tax exempt bonds. We lose it twice. We lose the tax exempt status but we don't get it back through economic activity. We lose it a second time when we have to pay those reimbursement formulas. Again if you looked at the handout I had out earlier, you will see quotes from a number of studies that have found one of the root problems in health care costs is that heavy bonded indebtedness and the fact that our reimbursement system is based on reimbursing any costs including bonded indebtedness. Now my feeling is and from the studies I have seen that we would be far ahead if we would not support LB 429, if we would not expand the use of bonded indebtedness and if we would in fact look at ways to cut back and find better ways to deal with that problem of financing hospital purchases.

SPEAKER NICHOL: One minute.

SENATOR WESELY: Senator Remmers talked about the fact that this bill basically would take from the federal treasury and give to our hospital treasuries across the State of Nebraska and I think he was absolutely honest. Really what we are talking about is we are taking from the federal government through these tax exempt bonds and giving that benefit back to our local hospitals. I think in this instance that is a big mistake because we are not only doing that, the tax exempt status of these hospitals is much to their advantage with local property taxes and sales taxes and income taxes already being provided