

May 1, 1979

LB 158

that, they are using the credit of the city to issue these bonds. First of all, if one of these goes blotto and the city has developed the redevelopment plan and has been responsible for the entire project, it is going to call into question the credibility of the city officials, and that credibility will be called into question on the general obligation bonds as well as on the other type of bonds. So it is not absolutely true that there is no carry-over. It is true that the city will not have to make any payments but they may pay again on different bond issues in terms of the interest rates they can get on those bond issues. Secondly, there is another major problem with allowing these types of bonds. They are tax exempt bonds and they go on the market for tax exempt bonds. They are competing with general obligation bonds of cities. Okay, that market is only so big, and when it becomes cluttered with bonds, the cities are forced to give higher interest rates in order to sell those bonds. So if you are allowing another type of financing which is under liberal conditions so that there is going to be a lot of that financing and that is going to go onto the market for tax exempt obligations, then you are going to increase the cost of borrowing money for all cities generally and that is why these types of bonds and industrial development bonds are not generally a good idea.

SPEAKER MARVEL: The motion is the adoption of the Beutler amendment to the committee amendments. Senator Beutler, is there any further discussion? If not, we are going to vote on the Beutler amendment and then I am going to recognize Senator Koch to explain the bill. All those in favor of the Beutler amendment...okay, go ahead.

CLERK: Mr. President, Senator Beutler moves to amend the committee amendments by striking Amendment #2.

SPEAKER MARVEL: The motion is the adoption of the Beutler amendment to the committee amendments to LB 158. All in favor of the Beutler amendment vote aye, opposed no. Record the vote.

CLERK: 15 ayes, 4 nays, Mr. President.

SPEAKER MARVEL: The motion is carried. The amendment is adopted. The Chair recognizes Senator Koch.

SENATOR KOCH: Mr. Speaker, members of the body, this is the bill to implement amendment #1 which was passed by a considerable majority of the people of the State of Nebraska,