

March 24, 1980

LB 998

why the Budget Committee recommendation for the \$400,000 of new equipment seems to be the prudent way to go this year?

SENATOR WARNER: Okay, on that specific question, Senator Schmit, the last two years, in fact, there has been very minimal amount of replacement equipment put in the budget for ETV. What the Committee did last summer together with the staff was make a review of what occurs in the private sector with regard to replacement of equipment, and the only equipment we are talking about here is the equipment within the studio or used for direct programming, and from that it was determined from other stations that an amortization for replacement equipment runs on the average around seven years, both because of deterioration as well as technical advances in equipment that is available. So what we did was utilized a similar policy that we understand is utilized by some in the private sector of capitalizing or amortizing the equipment over a seven year period and then put in a dollar amount that reflected a replacement at fourteen percent on an annualized basis of the replacement value of the equipment, and that is how we arrived at the dollar amount that we have in there together with the fact that the equipment had not been replaced particularly in the last two years.

SENATOR SCHMIT: Thank you, Senator Warner. In reference to your explanation I would just like to point out that as a member of the private sector I have experienced some of the same things you are talking about. I recognize the need for replacement of equipment and I recognize that equipment becomes obsolete. I recognize that there comes a time when it may well be advantageous to make those changes and those replacements, but I would venture to say that the private sector at this time is reviewing very closely each and every single expenditure in the way of a capital item. As I said the other day, at a time of more than twenty percent inflation, at a time of interest rates of eighteen to twenty percent, and greater, with the promise that they will continue to escalate, this does not seem to me to be a time to take on added indebtedness, whether it be for a worthwhile cause such as educational T.V. or any other capital item. I would hope that we would recognize that there will be major responsibilities that this state must face in the area of necessary expenditures, expenditures without which the state will not continue to function, and when that time comes this Legislature will have no choice but to appropriate the funds and raise the revenue, but I