

May 19, 1981

LB 321

SPEAKER MARVEL PRESIDING

SPEAKER MARVEL: Okay, we will take up 321 and then we have an announcement and then that will close the day's activities.

CLERK: Mr. President, LB 321 was offered by the Education Committee. (Read.) The bill was first read on January 19. It was referred to Education. The bill was advanced to General File, Mr. President. There are committee amendments attached.

SPEAKER MARVEL: Senator Koch.

SENATOR KOCH: Mr. Speaker, members of the body, LB 321 is a bill that was brought to the Education Committee by the independent colleges of the State of Nebraska and it basically is a higher facilities educational act. This type of legislation has been adopted in a number of other states including Illinois, Iowa, Indiana, Tennessee, New York and several others and what it does is it would create a five member board to be appointed by the Governor and then it would allow the private independent colleges to use tax exempt bonds for the purpose of building. And of course each college would stand on its own merit and I want to make it very clear that we are not placing the credit of Nebraska behind this proposal. Each of the eleven independent institutions of the State of Nebraska are responsible for their bond raising, selling their bonds and the advantage to them would be that it would be tax exempt and would help them to defer some of the cost of building. My position is this, that we talk about the private sector of education. There are some states that deal with it in certain ways. I believe this is the way the State of Nebraska should approach and say to the independent colleges, here is a way we are willing to help you in trying to minimize your construction costs. So this is what LB 321 is about. It allows them up to four years to take care of the financing but that of course you know would be negotiated by the bonding agents and others in terms of selling those bonds and the last thing I remind you of is that this does not place Nebraska in line in terms of an obligation financially or morally or anything else. Each independent college, whether it be Hastings College, Dana, Midland, Doane, Concordia and several in the Omaha area, Creighton, they would look at that independently. They would assume full liabilities and they would be the ones who would suffer the risk and the bond owners would suffer the risk in case something happens to the institution. Knowing those institutions, I'm sure you know they have been around a considerable period of time. They have demonstrated the ability to withstand inflation high cost, diminishing enrollment and I have trust that they would be