

May 29, 1981

LB 411, 460

PRESIDENT: All provisions of law relative to procedure having been complied with, the question is, shall LB 411 pass? All those in favor vote aye, opposed nay. Record the vote.

CLERK: (Read the record vote as found on pages 2411 and 2412 of the Legislative Journal.) 44 ayes, 2 nays, 2 excused and not voting, 1 present and not voting, Mr. President.

PRESIDENT: LB 411 passes. The next bill on Final Reading is LB 460.

CLERK: Mr. President, I have a motion on the desk.

PRESIDENT: Read the motion, Mr. Clerk.

CLERK: Mr. President, Senator Beutler would move to return LB 460 to Select File for a specific amendment. The amendment would read, "By adding the word 'not' after the word 'may' in line 2 on page 5".

PRESIDENT: The Chair recognizes Senator Beutler.

SENATOR BEUTLER: Mr. Speaker and members of the Legislature, this is the second important policy matter that I wanted to discuss with you today. And I hope you will get out 460 and follow along with me because there is an admitted mistake in the bill. And the question is whether you think the significance of the mistake along with the significance...and...and the significance of the change in philosophy, whether those together...whether considering those together you would still want to pass the bill this year. So if you would turn to LB 460 and turn to page 5, you will see in lines 1 and 2 a sentence that reads: "The state investment officer may write call options and put options." Okay, in that sentence what I am doing, I am saying the state investment officer may "not" write call options and put options. Let's talk a little about what this is that we are doing here. First of all, when it says that the state investment officer may write, as I understand it that means sell, and when you are talking about selling, you are talking about selling a call option. Now as I understand that, that means you are contracting with somebody else to sell them a security at a stated price at a particular point in time in the future. Let's say, for example, that I look into the paper and I see the Kennecott Copper Company is selling for \$27 a share today, and let's say that I buy it at \$27 a share. Now I can make