

bond authorities and bond this and bond that. Well there are a lot of problems when you start doing that and one of them is evident with this piece of legislation. That is a fact that when you talk about hospital tax exempt bonds, if you read the summary that I passed around you will see that the benefit is much greater to those who purchase those bonds than it is of benefit to the hospitals by reducing their interest savings. That is to say that because of this policy the federal government has, we lose more moneys in tax revenues than is saved by the hospitals by using these tax exempt bonds and that we would be better off just eliminating these tax exempt bonds which would save about 1.8 billion dollars according to this study for about a five year period and then we would find that there would be an increase in Medicare and Medicaid but they would only be about a third of that savings so we would end up saving somewhere over a billion dollars in the course of the next five years by doing this. Now what happens when you have tax exempt bonds is this. You provide marginal projects with that just enough of a break to make them feasible and going ahead with projects that, as I say are marginal, they have this break, it is subsidized by the federal government, a hidden subsidy, and they go ahead and expand, they build and they construct, they purchase equipment and whatever they use these tax exempt bonds for, when in fact they didn't have this break, they didn't have the subsidy they could not justify that expenditure. So we are purchasing and building and spending on projects that really shouldn't be pursued, but because of the break that we have, they are able to do that. This bill expands the break that we provide for and allows the pooling of different bond issuance authorities under the hospital act and would expand that authority. I think there is some talk, in talking to some of you, that maybe we ought to just eliminate the whole concept of hospital tax exempt bonds for our State of Nebraska. I'm not sure that we really need to do that at this point, but it something to look into having looked at this study. I'm asking you please don't take a step of expanding authority when in fact we are seeing that there is recognition in the fact that perhaps that authority should exist in the first place. So let me go back through very briefly what exactly I am trying to say. By providing a tax subsidy, a hidden subsidy, from the federal tax break that we provide on these tax exempt bonds, you encourage projects that really shouldn't be built in some cases that would not otherwise be reasonable and feasible, but because of the break they are and they go ahead and they use the tax exempt status and they build the project or they purchase the equipment or do whatever