

that, we feel that painfully and bitterly. But we know we can come back like Senator Goodrich has said. We know we have that capability. That's what government is all about. That's what our organizations are all about. I commend the people that have brought this to us, the Farm Bureau and the other senators, and for speaking so eloquently to the issue. I likewise support it and I think this is one step that we can go forward in helping our agricultural movement. Thank you.

SPEAKER NICHOL: We still have a lot of lights on, on this resolution. Senator Hefner.

SENATOR HEFNER: Mr. President and members of the body, I, too, rise in support of this resolution and I would like to have my name added to the resolution. I think its high time that we try to restructure some of our agriculture debt. There is one problem that I do have with it though. I don't quite understand it all, and I would like to ask Senator Schmit a couple questions if I may, Mr. Speaker.

SPEAKER NICHOL: Senator Schmit, would you respond, please.

SENATOR SCHMIT: Surely.

SENATOR HEFNER: Senator Schmit, I would like to have you explain just a little more in detail the two-tier debt restructuring and then like on the second tier, who picks up the difference in the interest, in the amount of interest on these loans?

SENATOR SCHMIT: Well, for example, Senator Hefner, if a farmer owes \$200,000 and the present farm income based upon \$1.84 corn would only yield enough income to support the operational cost and the debt surface on \$150,000, \$50,000 of that would be set aside by the Farm Credit System at an interest rate of proposed 3 percent. The Farm Credit System would have to absorb that difference at this time, the alternative being to write it off and lose the entire \$50,000. The proposed lower interest rate would have to be supported out of the reserve for losses, I would assume, and which would be much less than to write off the entire 50,000. The principal benefit behind that is that at the time that the farm prices improve the recovery could then be built into the system for the entire loss if it were necessary.