

entities do that sell revenue bonds, let the item itself justify, in the minds of potential purchasers, the purchase of the bond.

SPEAKER BAACK: Time.

SENATOR CHAMBERS: And if the revenue is not raised to retire the bonds, let the next step kick in which is for the bondholders to take over the operation that they purchased the bonds on.

SPEAKER BAACK: Thank you, Senator Chambers. Senator Landis, you are next.

SENATOR LANDIS: Thank you, Mr. President, members of the Legislature. This amendment is before us because of the speech I gave on General File and the aftermath thereto. I am probably more responsible than anyone else for the fact that this amendment is here, so I want to tell you the story as to why it is here and what it is meant to do. You will recall on General File, I rose and objected at that point to the consideration of reducing the tax credit on the basis that evidence and information had not flown, flowed, rather, as had been the case in previous negotiations between the Legislature and Ak-Sar-Ben. I, in fact, had been approached by a representative of Douglas County and asked if I needed information. In fact, I had given a somewhat elusive answer to that response, so, in fact, I am partially responsible for that ignorance on my own part. Since then, on the other hand, that situation has been diligently attended to. The Revenue Committee has heard the testimony of representatives of Douglas County and Ak-Sar-Ben, and I have met with representatives as well. Let me tell you what I have learned. Right now, as you go out into the marketplace with this bond offer, you bring in the lowest possible interest rate you think you might get a purchaser for. If, in fact, the bonds get bought at that rate, the racing side of Ak-Sar-Ben would cash flow. Frankly, you bring in that bond rate lower than what you expect and you wind up negotiating a higher rate in the marketplace. In the event you get up to a, say, 9 percent interest rate, which is one that might well be expected in this kind of setting, if you get into that range, the Ak-Sar-Ben's deal, the racing side of it no longer cash flows. The money that comes in from the bonds does not make the system work and you have operating loses in '95 and '94, I believe. Without changing the tax credits, given this relatively realistic