

RECESS

PRESIDENT: The Legislature will come to order and register your presence.

CLERK: Mr. President, Senator Higgins and Beutler would like to be excused this afternoon.

PRESIDENT: Record the presence, Mr. Clerk.

CLERK: There is a quorum present, Mr. President.

PRESIDENT: Quorum being present, do you have any messages on the desk, anything to read into the record?

CLERK: Yes, sir, I do. Senator Maresh would like to announce that Senator Fitzgerald has been elected as vice chairman of the Business and Labor Committee. Senator Marvel would like to announce a chairperson's caucus for Monday, January 12, 1981, at 9:00 a.m. in Room 1520. It is a chairperson's caucus at 9:00 a.m., Room 1520, Monday morning.

Mr. President, Senators VonMinden, Senator Hoagland would like to be excused all day tomorrow.

PRESIDENT: We are ready for the introduction of new bills, Mr. Clerk, proceed.

CLERK: Mr. President, new bills: Read LB 37-48 by title for the first time. (See pages 85-88 of the Legislative Journal.)

Mr. President, Senator Hefner would like to have the Miscellaneous Subjects Committee meet upon adjournment this afternoon underneath the South balcony. That is the Miscellaneous Subjects Committee upon adjournment underneath the South balcony.

Mr. President, I have the communication from the Secretary of State addressed to the Speaker and members of the Legislature regarding the bonds and oaths for the following elected officials: Public Service Commissioner, Eric Rasmussen; Jack Romans; Treasurer of Workmen's Compensation Court, James Monen; Regents: Robert Simmons and John Payne; State Board of Education, Frank Landis, James Monahan, Walter Thompson, Helen Greene; and for Judge of the Nebraska Supreme Court, Lawrence Clinton, Hale McCown and C. Thomas White. That will be inserted in the Legislative Journal. (See pages 88-90.)

January 30, 1981

LR 11
LB 30, 37, 39, 69, 140,
207, 312, 363.

your vote for the resolution.

PRESIDENT: Is there any discussion on the Wesely resolution which is LR 11? Seeing none, Senator Wesely, I guess that will be your opening and your closing. The question before the House is the adoption of LR 11. All those in favor vote aye, opposed nay. Record the vote.

CLERK: 31 ayes, 0 nays on adoption of the resolution, Mr. President.

PRESIDENT: The motion carries. The resolution LR 11 is adopted. Mr. Clerk, are there any matters to be read in?

CLERK: Yes, sir, there are. Mr. President, I have a Reference Committee report referring LBs 533, 534 and 535. The Committee on Ag and Environment gives notice of hearing in Room 1520 for March 5 and March 6. The Committee on Public Health and Welfare gives notice for a hearing on February 9, 10 and 17. Your Committee on Public Health and Welfare whose Chairman is Senator Cullan to whom was referred LB 39 instructs me to report the same back to the Legislature with the recommendation it be advanced to General file with amendments; LB 69 to General File with amendments. (See pages 378 and 379 of the Legislative Journal.)

Mr. President, your Committee on Revenue whose Chairman is Senator Carsten to whom was referred LB 140 instructs me to report the same back to the Legislature with the recommendation it be advanced to General File.

Mr. President, I have a motion from Senator Chambers to re-refer LB 363 from Education to the Government Committee. Senator Stoney asks unanimous consent to...or he makes a motion to withdraw LB 312. Pursuant to our rules that will be laid over, Mr. President. Senator Stoney also asks unanimous consent to have his name added to LB 37 as co-introducer.

PRESIDENT: No objections, so ordered.

CLERK: Mr. President, Senator Koch would like to print amendments to LB 207 in the Legislative Journal. (See pages 380 and 381 of the Legislative Journal.) Your Committee on Urban Affairs whose Chairman is Senator Landis to whom was referred LB 37 instructs me to report the same back to the Legislature with the recommendation it be advanced to General File with amendments, and LB 30 General File with amendments. (Signed) Senator Landis (See pages 380 and 381 of the Legislative Journal.)

March 23, 1981

LB 39, 280, 303, 423, 536

is adopted. Are we now ready for General File, Mr. Clerk?

CLERK: Mr. President, if I may read just an item or two in. Your committee on Government, Military and Veterans Affairs reports LB 280 to General and LB 536 to General File. (Signed) Senator Kahle. The Government Committee reports favorably upon certain gubernatorial appointments, and the Government Committee would like to have an Executive Session under the north balcony upon recess this morning. Underneath the north balcony, the Government Committee, Mr. President. (See page 1061 of the Journal for gubernatorial appointment.)

Mr. President, your committee on Education whose Chairman is Senator Koch reports LB 303 to General File with amendments, and 423 to General File with amendments. (Signed) Senator Koch. (See pages 1060 and 1061 of the Legislative Journal.)

SPEAKER MARVEL: Okay, we are ready for General File, LB 39E.

CLERK: Mr. President, LB 39 was offered by Senator Kahle. (Read title.) The bill was first read on January 8 of this year. It was referred to the Public Health and Welfare Committee. The bill was advanced to General File. There are committee amendments pending by the Public Health and Welfare Committee.

SPEAKER MARVEL: Senator Wesely, do you want to take the committee amendments?

SENATOR WESELY: Yes. Mr. Speaker and members of the Legislature, the Public Health Committee found that there were some technical problems with the bill. The committee amendments would adjust and take care of those technical problems and make it clear that this is not retroactive but it does, in fact, it's a prospective decrease in the percentage figures and I think it is just a technical amendment by the committee. I move the committee amendments.

SPEAKER MARVEL: The motion is the adoption of the committee amendments to LB 39. All those in favor of that motion vote aye, opposed vote no. Record the vote.

CLERK: 26 ayes, 0 nays on adoption of the committee amendments, Mr. President.

SPEAKER MARVEL: The motion is carried. The committee

amendments are adopted. Senator Kahle.

SENATOR KAHLE: Mr. Speaker and members, LB 39 is a bill that many of you have heard and discussed before, but beings we do have some new Senators this year, I will attempt to explain it. For some reason or other when major welfare programs came into the State of Nebraska some years ago, Nebraska set up their system so that the counties paid twenty percent of what we call the "medical vendor payments" with county money. As time went on, we found out that Nebraska was one of the few states that required counties to pay any appreciable amount of the medical vendor payments. So back in 1979 we passed a bill, 138, which in its original form would have done what we are trying to do now, get the payments down to ten percent. But as the Legislature progressed two years ago, it was decided that that was too big a jump to go from twenty percent to ten percent. So a deal was made whereby we would try it for two years at taking off two percent each year, that's not exactly the right language, but we went from twenty to eighteen percent in '80, yes in '80, and we are going from eighteen percent to sixteen percent in '81. This bill, LB 39, would just continue that process. It would take it down in '81 to fourteen percent, in '82 to twelve percent, and in '83 to the ten percent. This whole problem really, to my notion, has been misplaced all these years because counties have very little to say about the programs. The programs that are accepted by the state are accepted at state level and the counties have no authority to change the program in any way. In fact, in many counties the Welfare Department, State Welfare Department, even pays for the space that they take up in the courthouse. So it seemed to me for a long time that we should not be saddling the counties with a great amount of this cost. Now, of course, there is some argument as to whether it should all be taken off, and we are certainly not trying to do that this time. I do understand there are several bills floating around that would take more than the ten...take it down further than ten percent. But I am interested this morning in getting your support for LB 39 so that we can continue to take off the same amount that we have been taking off each year for the past two years, and take it down to ten percent by 1983. I believe this is only fair. We did go over and visit with the Governor about it and we certainly don't have his blessing at this time but we don't have his veto either. He has said to bring it up with the rest of the bills that carry an A bill with them and that he would certainly look at it. So that is what we are trying to do this morrning. I think

you all know that if we pass 39E and 39A that it will move on until Final Reading or to Select File where it will be held up with the rest of the A bills. But this is one of the issues that have been a sore thumb for counties for a good long time and I have had the experience and know what I am talking about. They are required to put up the funding. They get a bill each month from the state as to how much they are to pay. They don't even know how much to budget because they have no power at all in budgeting. So I just feel that we should continue to take off a little bit each year and help the counties out because it does bring tax relief no matter how you figure it, and it is direct and it affects everybody in the state, not just the urban and rural areas as I try to separate them occasionally, and actually I think in this one the urban areas probably do every bit as well as the rurals. But it is a program that the counties are required to pay and have nothing to say about, or very little. So I feel that we should continue to take off a little bit of this each year so it doesn't shake our budget up to a great extent, and if there should be some changes made in our Welfare program it has to be done at the state level. I visited with the Governor a little bit about this and we do provide about as many different services in our welfare system as any state around us. So maybe that is something we need to look at, but the counties certainly cannot control that. That's done at the state level. So I urge you to support LB 39 and I move that it be moved to Select File, or to E & R Initial. Thank you.

SPEAKER MARVEL: Before we continue with the discussion on LB 39, in the north balcony are 140 young people from 65 counties of northeast Nebraska, the Northeast Farm Bureau, Youth Citizens Seminar, Mr. Beverly Adkins is the leader. Will you hold up your hands so we can see where you are? Welcome. In the south balcony from Senator Warner's District, 15 students from District 69, Lancaster County, Denton, Nebraska, guests of Senator Rumery, Carol Baumert, teacher, in the south balcony. Will you raise your hands so we can see where you are. Okay. Senator Wesely.

SENATOR WESELY: Mr. Speaker and members of the Legislature, I would like to speak in favor of LB 39. This bill is the second time the Public Health Committee has considered the question of county assistance in the medical Medicaid program which the state participates in with the federal government. We did pass a bill that Senator Kahle talked about two years ago which decreased the figure from twenty to sixteen percent.

Senator Kahle wishes that to be decreased to ten percent, and even at that level at ten percent we are talking about a greater contribution by the counties in Nebraska than practically any other state in the country. So it is very clear that comparatively speaking this is a good step to take. Also you should know that there is a bill in the Public Health Committee dealing with the question of who should administer the welfare program in the state. LB 522 would change that from the county-state system which we now have to a total state system. That indicates, I think, the concern that Senator Kahle is addressing in LB 39, which is the counties although they do pay a substantial amount of the cost of this program have very little say about the program. That effort to make it a state program indicates the fact that the state basically is the one responsible for this program and should take it over and administer it. Likewise, I think the state should take a greater responsibility in funding the program and at ten percent although that is going to cost the state more money, clearly it is the state's responsibility to meet this need. I think that clearly with the skyrocketing health care costs which we are seeing in the State of Nebraska and elsewhere in the country, there is a great need to deal with the overall question of health cost containment. The state is picking up every year perhaps twenty million more dollars in taxpayers' money that is going to support this medical assistance program which is going without too much attention by this body. What that indicates is the state is spending a lot of tax dollars in health care costs. We need to do something about that. We do have some legislation dealing with that area that I think is very important. But at this time dealing with the specific question of county support for the Medicaid program clearly it is in the best interest of the state to lower that commitment by the counties, reduce it to ten percent and perhaps in the future reduce it more. I know Senator Schmit has a bill on revenue sharing that would do the same thing. So across the board we are seeing...the indication is clear LB 39 is a step in the right direction and should be supported.

SPEAKER MARVEL: Senator Von Minden. We are speaking to the advancement of the bill.

SENATOR VON MINDEN: Mr. Chairman and members of the body, I rise in support of LB 39. Being a past County Commissioner the past six years, the counties feel that that was the most unfair tax we have to meet. We don't have anything to say about it and it is...one of the hardest

parts is to form a budget for the counties. We do not know from one month to the next whether it will be 5000 a month or 12,000 a month. I guess that is about all I have to say on the bill. Thank you.

SPEAKER MARVEL: Senator Nichol.

SENATOR NICHOL: Mr. Chairman and members of the Legislature, just briefly without going over any of the points that have been made before, I think those of us who have been County Commissioners, namely, Kahle, Von Minden and me, understand the problem when you have this sort of thing mandated by the Legislature without putting the money where the mandate is. And I wholeheartedly support Senator Kahle's bill because with the lid complicating the problems of money that the County Commissioners must face, I really think this is a fair thing to do and an honorable thing for this Legislature to do to be assuming that responsibility financially since we mandated it in the first place. Mr. Chairman, I neglected Senator Haberman and I offer him my sincerest apologies for overlooking him.

SPEAKER MARVEL: Senator Vard Johnson, do you wish to be recognized?

SENATOR V. JOHNSON: Yes, I do, Mr. Speaker. Barbara Tuchman, who is a popular historian, who wrote The Proud Tower, which is about free world war Europe, free World War I Europe; who wrote The Distant Mirror which is about 14th Century Europe; who wrote The Guns of August also about the beginning of the First World War, recently stated that she continues to be amazed at how well humans do so many things, organize their economics, how well they prepare their arts, how well they struggle with intellectual endeavors, and in the end how poorly they govern. And one of the things that you and I are seeing today in our country is how poorly we govern. We have made government so confusing to people, it is very difficult for voters to know who is and who is not responsible for what. Now LB 39, in my opinion, is one of our more important bills because LB 39 continues to improve the quality of our government. It is wrong in this state for us to have a state supervised welfare program which is county administered subject to state supervision, which at the same time is still beholden to the federal government under federal regulations for an overall welfare program. The people in Nebraska have a lot of difficulty with welfare administration and welfare programs. But who are they to look to for guidance in the area? County government? State government? Or the federal government?

Who are they to look to for changes? Well, what LB 39 does is it continues us down the road of getting the county out of welfare funding and once the county is out of welfare funding, then the county genuinely ought to be out of welfare administration so that we only have a state administered and supervised welfare program, and there we know where the buck stops. The buck will stop with the state executive branch. If we have problems with the welfare administration, the problem lies with the state administrative branch, and we can deal with that. If we have problems with the welfare direction, then the buck stops with the state legislature and it can be dealt with. But in terms of developing a good government concept, it is important, in my opinion, for us to discontinue the marbleizing of the cake, so to speak, where the chocolate and the vanilla just all mix together, but to begin to separate the chocolate from the vanilla so we know exactly what government is going to look like, and that means a state administered welfare system. LB 39 does not call for a state administered system, but once it begins to get the county off the spending in the area, particularly in the area which the county has absolutely no control, which is the Medicaid area, then it makes it easier for us to take on the responsibilities of a full state administered welfare program. It is much, much better government. My biggest fault with LB 39 in all honesty is it doesn't move fast enough. It knocks down the county Medicaid share two percent a year for the next three years until it reaches a plateau of ten percent share. It ought to knock it down all the way. It is improper government for us to impose a cost on a county when the county itself has absolutely no say--so no authority and no control over who gets and who does not get Medicaid and over the direction of the program. The only people with that kind of say-so and that kind of control is the state. I encourage you to support LB 39.

SPEAKER MARVEL: Senator Warner.

SENATOR WARNER: Mr. President and members of the Legislature, I hesitate to stand up and oppose legislation that everyone recognizes is, so far at least as being just and equitable. I do oppose it, however, for two very specific reasons, one, this two and a half million... approximately two and a half million dollar cost, 2.6, for additional A bills, frankly, is going to be, if it is done, at the expense of some other items. But more importantly, I think it would be an error to at this session pick up this amount of funds for the simple reason

that all of us are aware that there are numerous federal funding changes that are going to occur yet this year, not before we adjourn, and the impression I have from agencies that have appeared to discuss the appropriation needs is an indication that we may well anticipate substantial requests for the pick-up of some of these federal funds, some of which probably will be unavoidable, many of which we will not have to do. But I think to incur this additional expenditure at this point, knowing that we are going to have substantial increases requested, at least, particularly in the area of welfare, that to move now will not provide the Legislature the opportunity of understanding and realizing the accumulative consequences of both actions, and I would urge that this bill not be advanced at this time, or during this session, until we have a better handle upon what the full picture is going to be for the funding of a whole host of programs within the area of welfare as well as a whole host of other agencies that we currently fund substantially with federal funds. So I would hope the body does not advance the bill this session.

SPEAKER MARVEL: Senator Cope.

SENATOR COPE: Mr. President and members, I oppose, and it is difficult to say that because the easy way out would be to say, yes, I certainly understand the situation of the counties. But I oppose it for the simple reason that I don't want the counties out of the business. I know...keep saying that they have nothing to say about it. I think they do and I think they have an interest as long as they have an investment, and I don't want the investment to get down so low that they lose that interest. I guess I oppose it for the same...opposite reason that Senator Johnson supports it. I don't want it to be a state function wholly in any way. I know they don't have... the county doesn't have the ability to make decisions that I would hope they have, but they have some, and at this time plus the reason that Senator Warner gave that that 2.3 million is going to have to come out of some other programs that we may need desperately, is my reason for opposition.

SPEAKER MARVEL: Senator Kahle, do you wish to close on the motion to advance the bill?

SENATOR KAHLE: Mr. Speaker and members, I think Senator Cope and Senator Warner both made the best speeches possible because the counties have the same problem only it is a little bit tougher, because they have the 7 percent right now they have to live with. I know that Senator

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LB 39, 39A

Warner wants to protect the state. I would too if I were in his position in the Legislature, but I don't know what the counties are supposed to do. We have got the same problems. They have the same problems of changing tactics from the government, from the state. The only trouble is they have a seven percent lid to deal with, which the state does not have, and apparently the federal government does not have either. I don't know what kind of a lid they are going to have. But it just seems to me that, I don't know, Senator Cope said they had some control. I have been sitting here trying to think of what it might be. I am sure they do have a right to screen the applicants and look at some of the records, but if they do anything about it and that welfare director has screened those people according to the state specifications, they are just whistling Dixie in the dark because nothing is going to happen. They are going to put them right back on, if we take them off, or if the county takes them off. So I really don't see the relationship. I think it is a state program. It should be funded by the state, at least to a degree. I am not sure I want to take it all off either. But the kind of money we are talking about, ten percent is still a considerable chunk of it, and I don't think it is unreasonable at all to think that the state should pick up the rest of it. This is a priority bill for the counties. If you think the state is in trouble financially trying to raise money, we put a self-imposed lid on ourselves that Senator Warner and the Appropriations Committee and the Governor want to live by, self-imposed. The counties have a state-imposed lid on them to live by. So I think that we are being very wrong in trying to push that cost on the county just so the state will look good. Thank you.

SPEAKER MARVEL: The motion is to advance the bill, and Senator Kahle has closed. All those in favor of advancing the bill to E & R for Review vote aye, opposed vote no. Record the vote.

CLERK: 30 ayes, 6 nays on the motion to advance the bill, Mr. President.

SPEAKER MARVEL: The motion is carried. The bill is advanced. Are you ready for LB 167?

CLERK: 39A.

SPEAKER MARVEL: Okay.

CLERK: Mr. President, LB 39A is a bill introduced by

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LR 46
LB 39, 39A, 50, 72, 73,
104, 167, 171, 194, 197,
197A, 252, 425, 475, 500

SPEAKER MARVEL PRESIDING

SENATOR BEYER: (Prayer offered.)

SPEAKER MARVEL: I have a note here that indicates that today is the 35th birthday of Senator Howard Peterson and this occurred on the weekend, March 22, and there will be rolls served in his honor and we wish Senator Peterson the best for the year to come. Have you all recorded your presence? Record.

CLERK: A quorum present, Mr. President.

SPEAKER MARVEL: Do you have items under #3?

CLERK: Mr. President, your committee on Public Works whose Chairman is Senator Kremer reports LB 252 to General File with amendments. (Signed) Senator Kremer.

Your committee on Enrollment and Review respectfully reports that they have examined and reviewed LB 39 and recommend that same be placed on Select File with amendments; 39A Select File; 167 Select File with amendments; 197 Select File with amendments; 197A Select File. All signed by Senator Kilgarin as Chair.

Your committee on Enrollment and Review respectfully reports we have carefully examined LB 72 and find the same correctly reengrossed. (Signed) Senator Kilgarin.

Senator Wagner would like to be excused for the day.

And, Mr. President, LB 73, 194, 50, 171, 194, 425, 475, and 500 are ready for your signature.

SPEAKER MARVEL: While the Legislature is in session and capable of transacting business, I am about to sign and do sign LB 73, LB 104, LB 50, LB 171, LB 194, LB 425, LB 475, LB 500. Item #4, resolution.

CLERK: LR 46 is offered by (read LR 46.)

SPEAKER MARVEL: Senator Lamb, this is your resolution.

SENATOR LAMB: Mr. Chairman and members of the Legislature, this is a resolution which honors Senator Nichol's mother who recently passed away. The fine lady has been a long time credit to the State of Nebraska. I urge the adoption of this resolution.

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LR 48
LB 39

PRESIDENT: Motion carries and the Business and Labor Committee report is adopted. The final report on gubernatorial appointments is by the Public Health and Welfare Committee and the Chair recognizes Senator Wesely as the Vice Chairman who will give the report. Senator Wesely.

SENATOR WESELY: Mr. President, members of the Legislature, the Public Health Committee held a confirmation hearing on March 16th and we spent quite a bit of time discussing matters with appointees to the State Board of Health which included Dr. Warren Bosley, Mr. Julian H. Hopkins, Dr. David Kats, Mrs. Phyllis Smith, and Mr. George F. Sullivan, and we did have an extensive discussion and they were approved and advanced to the floor as recommended by the Governor and we urge the adoption of the appointment of these individuals.

PRESIDENT: Any discussion concerning the report of the Public Health and Welfare Committee? Hearing none, the question then is the adoption of the report by Senator Wesely of the Public Health and Welfare Committee. All those in favor vote aye, opposed nay. Record the vote.

CLERK: 33 ayes, 0 nays on the adoption of the Public Health and Welfare Committee report, Mr. President.

PRESIDENT: Motion carries and the Public Health and Welfare Committee report is adopted. That will conclude agenda item #4 on gubernatorial appointments. Do you have anything to read in now?

CLERK: Very quickly, Mr. President, I have a new resolution offered by Senator Koch, LR 48. (Read. See pages 1183 and 1184, Legislative Journal.) That will be laid over pursuant to our rules, Mr. President.

PRESIDENT: We are then ready for agenda item #5, Select File. The Speaker has advised me, and you might want to note this on your agenda, that LB 138, constitutional amendment, and LB 531, constitutional amendment, have been deleted from this list this morning as well as, if you go down to the bottom, the last four bills on Select File, 384, 59, 168 and 168A have been deleted because the bills did not come up from E & R. So those have all been deleted. So the first bill, Mr. Clerk, on Select File would be LB 39.

CLERK: Mr. President, there are E & R amendments to LB 39.

PRESIDENT: Senator Kilgarin, we are on LB 39 and there are amendments.

SENATOR KILGARIN: Right. Mr. Speaker, I move the E & R

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LB 39, 167

amendments to LB 39.

PRESIDENT: Motion is to adopt the E & R amendments on LB 39. Any discussion? All those in favor of adopting the E & R amendments on LB 39 signify by saying aye, opposed nay. The E & R amendments on LB 39 are adopted.

CLERK: Mr. President, I now have a motion from Senator Warner to indefinitely postpone the bill. Pursuant to our rules, that will lay the bill over.

PRESIDENT: All right. It will now lay over, a motion to indefinitely postpone. The next bill then is LB 39A. Why not just...I would think that since there is a kill motion on 39, just let it ride with 39 would be my suggestion, we just let it remain on Select File. Is there any objection to doing that? I am just going to do that until Senator Marvel gets here and says otherwise. We will go on then to LB 167.

CLERK: Mr. President, there are E & R amendments to LB 167.

PRESIDENT: The Chair recognizes Senator Kilgarin.

SENATOR KILGARIN: I move the E & R amendments to LB 167.

PRESIDENT: Motion to adopt the E & R amendments to LB 167. Any discussion? If not, all those in favor of adopting the E & R amendments on LB 167 signify by saying aye, opposed nay. The E & R amendments on 167 are adopted.

CLERK: Mr. President, I now have an amendment from Senator Schmit.

PRESIDENT: Senator Carsten. Senator Carsten, did you have a question?

SENATOR CARSTEN: Mr. President, members of the Legislature, could I ask the Clerk, isn't there...if there is another amendment besides Senator Schmit's?

CLERK: No, sir, not at this time.

SENATOR CARSTEN: I have been made aware that Senator Hoagland has amendment to 167 and inasmuch as Senator Schmit and Senator Hoagland, neither one are here, Mr. President, I wonder if we might request the Speaker to at least pass over this one until they arrive, if that is possible.

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LB 190, 5, 39

road systems and I think the body needs to know exactly how it is and if we print it in the Journal we can get everybody the correct information prior to the time it is taken up. So I would ask unanimous consent to pass over the bill on Final Reading.

SPEAKER MARVEL: Any objections? If not, so ordered.

CLERK: Mr. President, Senator Warner would like to print amendments to LB 190 in the Journal and LB 5 is ready for your signature Mr. President.

SPEAKER MARVEL: While the Legislature is in session and capable of transacting business I am about to sign and do sign LB 5. I would like to suggest to the members of the Legislature if we could continue until about 2:00 then there wouldn't be any problem of anybody coming back. Does anybody object?

SENATOR MARSH: I object.

SPEAKER MARVEL: You object, okay. Anybody else? The only way I can do it is try to get a feel. Those who will stay to 2:00 to process some of this legislation vote aye on the board. Those who are opposed just vote no and we will see where we are. Yes maam, you are recognized.

SENATOR MARSH: Thank you. We did this last week but we had a days warning. Last weeks activities were juggled but we had a day to make the change of plans. Many of us have made commitments for this noon, it does not seem fair to ask someone who has been juggled and juggled when I am willing to come back and work this afternoon to do this at the last minute when it is now 11:00 a.m. That is less than an hour till noon. I am willing to put the time in, it does not seem fair to do that change at this hour.

SPEAKER MARVEL: Okay, Mr. Clerk do you want to read on Select File.

CLERK: Mr. President, LB 39 was last considered by the membership on March 30th of this year. At that time the E & R amendments were adopted. Also, Senator Warner made a motion on March 30 to indefinitely postpone the bill. That is now pending Mr. President. The motion by Senator Warner to indefinitely postpone LB 39.

SPEAKER MARVEL: The Chair recognizes Senator Warner.

SENATOR WARNER: Mr. President, members of the Legislature, I offer a kill motion on 139 (sic) and I'm not unaware of course that most of you have been contacted, as I have, by various local county officials and I suspect the phrase that was given to me is the same one that you have heard or something comparable which was that if I didn't think the state had the money how could I think the county had the money. That is not the issue that I'm talking about. The issue and the reason I feel that this bill should not be enacted this year, totally, solely relates to the federal funding situation which is probable to effect Nebraska in which we have no idea that LB 39 impact might be next year in relation to the other commitments that the state may have to make in the way of financing. LB 39 specifically, as you recall, has three years of incremental increases. The fiscal note indicates, as I recall, 2½ million this year of general funds next year I believe that it is 5.7 million and the third year is not indicated on the fiscal note but if you had the same rate of growth I would assume that it would be eight or nine million. My concern rests in the fact that I think it would be an error for the Legislature to adopt that kind of a commitment knowing that we may well have substantial increases to pick up next year or at least we are going to be forced to consider not only a increase in general fund appropriations to pick up discontinued federal funds but we are also going to be faced with the problem of distribution of funds to some of the local entities that. . . .which it is a three way split. I think the state absolutely must retain some flexibility to be able to meet that problem when we will know in greater detail what it is. I understand that there are only two areas which according to the federal documents proposed budget provisions in which they openly agree that there will be a necessity for a pick up of the federal funds by some entity of government or at least from some other source and the medicaid payments is one of these. As I understand the proposal this year it is to put a cap on medicaid payments in the appropriation bill. That cap is at 5% but that 5% is to be calculated against a hundred million dollar reduction nationally in their current estimates for federal funding requirements. So any way you cut it there is going to be a substantial increase that we need to look at. Plus there are a whole series of programs that will be discontinued as categorical aids in social areas. As I understand nationally, and no one will know what the impact will be on Nebraska, but nationally throwing those cateogrical aids into a block grant which will then have a 25% proposed 25% reduction in the total amount of money with the state having greater flexibility to use

the block grant. Now because of all of those reasons, notwithstanding the fact, and I know the argument on the other side will be have to get this off of property tax the counties can't handle the money any better than the state, they have a limit on their budget and I acknowledge and agree with everyone of those arguments. I was arguing for property tax relief in this body before one other soul that is here now was supporting it, except Senator Kremer was on my side, as I recall it. I won't mention where the other one was. But the point is, and my only reason is that it is poor fiscal management knowing the likelihood of significant adjustments that we are going to have to make, to at this session make a commitment in the kind of a dollar amount required under LB 39 knowing the probability of having to make significant adjustments next time. I think that flexibility has to remain for the Legislature, for the state to meet the commitment. I would hope that you would at a minimum not pass LB 39 this year so that we will retain some kind of flexibility. Let me suggest a couple of things the Appropriations Committee will be proposing to you in this years budget. You probably read in the morning paper that there was virtually no major capital construction and there isn't proposed. There are a number of reasons for that but one of the reasons is that we again are not....we are tying....or suggesting to you tying up a lesser amount of second and third year funding for capital construction than we have had for a great number of years. Again one of the factors involved in that is the realization that we may be making significant fund source adjustments and the legislature had better retain maximum flexibility to be able to do that. So I would urge that you do indefinitely postpone the bill, that no changes made this year, certainly these incremental increases for two and three years from now would be, in my opinion, very poor fiscal policy and I would hope that you would consider reintroducing such legislation next year as a total package that we will be faced with in all of these readjustments.

SPEAKER MARVEL: Senator Kahle.

SENATOR KAHLE: Mr. Speaker and members of course I oppose the motion by Senator Warner and largely on the same basis that he has just spoken. If we are going to have problems with the federal government the state is much more able to respond than those county governments out there who have no control whatever of this program. It would be absolutely devastating to them if they are going to have to pick up the difference. We have, I have figures from the last year,

the last couple of years and even with the 2% reduction that we have had in the last two years from 20% to 18% and then from 18% to 16% most counties have still not kept up. They have still had to increase more than the 7% in order to pay those bills that they get from the state for that medicaid payment. Even with those two years behind us, now if you are talking about taking it off completely this next year and still leaving the state the counties on a 7% lid you are going to choke every program they have off out there. I have got a piece out of the World Herald that came out yesterday morning, "61% of the county bridges are in need of repairs". Some of them critically in need of repairs. Here is a program that started out I think generally to be federally funded. The state got involved in it, why Nebraska was allotted a 20% part of that payment no one really knows, no other states around us has that but we did have it, we got it down to 16% and even with those, as I mentioned before, those drops, for instance last year Box Butte County had a 31% increase, Buffalo a 23% increase, Cass 15%, Custer 21%, Furnas 59%, Sarpy 39%, which are just a few cut across the State of Nebraska. Of course the pitch of the whole thing is that the county has absolutely no control of that. They get a bill and that is the end of it. The state does have some control. We have more welfare programs in Nebraska than any state around us, or just as many, and a lot more than most. If the state is so concerned about the welfare program, as Senator Warner mentioned, why don't they do something about it? I visited with the Governor a couple of weeks ago about this and he said, lets do it. But the counties can't do it, the state has to do it. So I plead with you, don't kill this bill. It will be devastating for the counties, especially if we continue to have a 7% lid. If we don't have the 7% lid it will sure give the tax payers of real estate, on real estate tax a terrific crack in the chops. So if the state can't handle this the counties certainly can not. Senator Warner said that this would be the argument and it certainly is. We can't do a thing about it at the county level. The state can't do a whole lot about it but they can certainly do more than the county and if the federal government makes some changes the state can certainly react better than the counties can. I urge you not to kill LB 39E. Thank you.

SPEAKER MARVEL: Senator Hefner.

SENATOR HEFNER: Mr. President, members of the body, I'd have to rise to oppose the motion that Senator Warner has

offered and I'm sure that he is offering this in good faith and it is a very tough decision, who picks up those costs? Like Senator Kahle said the counties are in a bind and I realize that the state is in a bind too. I think that all of us are, especially since federal dollars are going to be a little less this coming year, next year and the following year. I think that we really need to take a good look at it. At the present time the counties pick up 16% and it was just several years ago that we got that figure lowered. Starting July 1st this coming...this year, it will drop to 14%, which I would say is reasonable, a 2% drop. The following year 12% and the third year down to 10%. We will still leave the counties picking up part of the tab. Most of the time they don't have anything to say about it. They just do and fork over the money that they are ordered to fork over. Of course at the present time we still have the 7% lid bill. We do have a bill before us that will repeal it but I don't know if we will get to it this year and if we do we do not know what the outcome is going to be. So, I'd just like to say in closing that I believe the state should take a more active part in this. I think that we as state legislators should perhaps try to come up with a new program and so I would urge you to oppose the motion.

SPEAKER MARVEL: Senator Von Minden.

SENATOR VON MINDEN: Mr. Speaker, members of the body, I rise to oppose the kill motion of Senator Warner's. For the past six years I have been a county commissioner up in Dixon County. This is one bill if the legislature would pass down here would be one bill that we could show the approximately 450 commissioners throughout the State of Nebraska, the law makers in our county, that we are trying to work with them. Come this July it will be budgeting time for the counties and believe you me it is really hard to budget for the medicaid in the nursing home that we have to pay the 60% of it as of now. As you know the nursing homes and medical hospitals have escalated probably 20-30% and we are imposed to obey the 7% lid law. When it comes to start budgeting for our 16% it is really hard to budget for because we have no idea how much the nursing homes are going to raise their costs. With that again I urge you to kill the kill motion.

SPEAKER MARVEL: Senator Dworak.

SENATOR DWORAK: Mr. President, colleagues, I guess if I were still a county commissioner I would look at this differently than I do as a state senator. The thing that bothers me, basically, is the dichotomy that is expressed in this particular body. We are terribly short of resources to run state government. We are terribly... we are under a terrible bind. Already out of that state tax base we return 54-55% of that sales and income tax now to local subdivisions of government. I'm not saying this is wrong. I'm not saying that it is not proper that we do that. But the point of the matter is that we're each year faced with dwindling resources to take care of legitimate state business. Now already this body has put a stamp of approval on another 70 million dollars going back plus two and a half million dollars. We have already eroded the state tax base by allowing Omaha to use a portion of that state tax base to support municipal government. I agree with Senator Warner we are kind of in a stage of change. The Reagan administration is going to be with us for four years. There are going to be some changes. Not only changes in the amount of money that is going to be returned but in how that money may be returned. I'm not convinced that in these vital areas of human services that those funds are going to dry up completely. I think we are going to see a strengthening of the block grant concept where money comes back to states and other local subdivisions of government from Washington. The point of the matter is we don't know what that change is going to be, but we are all pretty well assured that that change will occur. So for us to embark on a multi-year formula here, not knowing, not having good enough grasp of what those potential changes in federal philosophy and federal financing is going to be would be premature. This body itself yesterday, just yesterday, has instructed our Revenue Committee to come out in the next several years with a proposition in revenue sharing. How. . . just yesterday we talked about a new concept and we sunsetted a particular provision to almost guarantee that that concept will be brought before this body. So here again this thing will clarify, it will crystalize, it will become apparent as to what direction we are going to take and the next one, two, three years. So it just seems to me that this is a poor time to embark on a multi-year formula. This is the time to be prudent and maybe hold back before we commit the state to these massive additional multiple expenditures. We are looking at this in another area too. In the area of mental retardation and the regions and we are starting to rethink our position on that particular concept, which initially we put

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into effect we counted on the counties contributing 17% of the support of those regions and I don't think that there is a region now where the counties are supporting them to the tune of 16%.

SPEAKER MARVEL: Your time is up.

SENATOR DWORAK: I urge us to support Senator Warner, not ~~that~~ the concept is not good, it is just the wrong time.

SPEAKER MARVEL: Senator Marsh.

SENATOR MARSH: Mr. Speaker and members of the Legislature, there are some contributing factors of which we need to be aware. I rise to support the kill motion on LB 39 because revenue sharing for the state has already come to a halt. Those funds have totally evaporated. However, city and county revenue sharing dollars are still available from federal funds. The state has been totally cut off but the local areas still have that source available. We are in a very precarious position with our state funding process. I support the concept of LB 39, I hope that I will be able to support it with my vote next year. But I think that prudent management says we must first look to the states responsibilities and meet those before we continue to increase the dollars returning to local entities of government. We have in some areas, as Senator Dworak mentioned, attempted to increase the dollars, returning to the local communities in some areas where we have control of those dollars. Not in a multi-year plan where we do not know this day what those figures will be. This is an issue which should be kept under the control of the state and it should be looked at each year. I can not support LB 39 in 1981. I truly hope to be able to support it in 1982. But, until we know the extent of the reduction of federal dollars to the state and we already know that the total revenue sharing dollars are no longer available, which at one time were available, until that total federal funding dollar to our state is known we must retain some flexibility to respond to the needs. Our medical college is losing federal dollars which have been available in previous years. Our dental college is losing federal dollars which were available in previous years. The nursing program has lost federal dollars which have been available in previous years. One can not stop a nursing program in the middle of a program. Those dollars have to be met, at least partially met, if not totally met. If we are giving multi-million dollars away to local government, we will not be in a

position to meet our state obligations and that is our first responsibility. I urge your adoption of the indefinite postponement amendment.

SPEAKER MARVEL: Senator Vickers.

SENATOR VICKERS: Mr. President, members, I rise to oppose the Warner motion. I do it in a sense that I think has been my philosophical belief all along and I would like to express that and we could talk about it just a little bit. Several people, including Senator Marsh, has just mentioned that our responsibility is to protect the states source of revenue. We are talking about tax dollars and how we are going to collect them, not how we are going to spend them. Whether or not we collect them from the sales and income tax or whether or not we collect them from property tax, that is the issue. In many cases it is the same people. We also have to remember that it is the people of the State of Nebraska's money no matter which way we do it. The philosophical issue, it seems to me, is one that I raised the other day on 284. Senator Dworak is right, there are some parts of 284, as I indicated the other day I can not support. But the philosophical issue is this. Should property taxes pay for things that benefit their property or should property taxes pay for a host of other things. Now as members of this body know I have stood on this floor in the past and said that I believe that property taxes should pay for things that benefit property. For the areas of government that their main goal is to provide benefits for property. But I don't think that property taxes should be used as a source of funds for various entities of government that their main goal is not to provide services to property. That is the reason that I fought long and hard for more additional money to the state aid for education from the sales and income tax dollars. I think this is the same issue. Is Medicaid payments a benefit to property? I don't happen to think that it is. I think that Medicaid payments is a benefit to people. Not property. I have no trouble at all in paying property taxes on my property for those entities that do benefit it. I don't think that many of...most of the other property tax payers in the State of Nebraska do either. I think that they do have some serious questions about paying their property taxes for those services of government that they can obviously see is not of a benefit to their property, remembering that it is the same people paying the taxes. I think that most people would rather pay sales and income taxes to those services of government that

benefit people. So for that reason I rise to oppose the Warner motion and support Senator Kahle with LB 39.

SPEAKER MARVEL: Senator Carsten.

SENATOR CARSTEN: Mr. President, I would like to ask Senator Warner a question or two if I may. Senator Warner, as I understand the process the fiscal year that we as a state operate under and the fiscal year that the counties operate under do not coincide, is that correct?

SENATOR WARNER: No, the problem is that the fiscal year that the federal government operates on is October 1st and counties and state are July. The problem we have, we all have, is we of course will be adjourned long before the counties have to submit the budget. They may have some problems after July that we won't be able to know about.

SENATOR CARSTEN: Then Senator Warner let me ask you this question. I think that we need to be mindful of it. We may very well, as a state as well as counties, down the road after we adjourn somewhere find out that both of us, state and local level both, have some financial problems that we may or may not be asked to solve. Would that be a fair assumption at this point, not knowing what really is the total that we could be looking at later?

SENATOR WARNER: Yes, Senator Carsten it is conceivable that as of October 1st, the new federal fiscal year, October 1, 1981, when Congress acts, it is conceivable that some adjustment would be required at the state level prior to the time when we meet in January. I wouldn't suggest that that is going to happen because I don't know, but it is certainly conceivable.

SENATOR CARSTEN: Then Mr. President my other comment is this. The other day we passed an amendment to 284 that does have a portion in there that does deal also with this same subject matter on a percentage basis it is probably not as great perhaps but it does address it and I don't know what is going to happen to 284, but at least this subject matter is addressed in those amendments. I also wanted to bring that to your attention also. Thank you.

SPEAKER MARVEL: Senator Kahle. Senator Kahle.

SENATOR KAHLE: Mr. President and members, I'm not going to

take long because I talked awhile ago and I think most of the things have been brought out. But I guess the crux of the whole thing and members of the Appropriations Committee have stated and Senator Dworak especially that by some magic or something counties can handle this better than the states can. The state has the right to raise the sales and income tax if we appropriate the money. It will have to be raised, I'm not saying that I'm supporting it but at the present time at least the counties can not and I repeat, can not, go above 7%. I just don't understand the theory that by some magical wand that the counties can come up with the money when the state says they don't have it. When they have no lid, it is self imposed, but the counties do have a lid. Of course as I mentioned before I certainly believe that this is, as Senator Vickers mentioned, is a state responsibility and it should be funded with something else besides property tax. As far as the money going back to the counties and subdivisions of government from the state it is the money of the people of Nebraska not....and should not be coveted necessarily by the Appropriations Committee of this Legislature. I know that they have a problem. I sympathize with them. If they think they have a problem they ought to try shuffling those funds around at the county level where you have a program that you get a bill each month from the State of Nebraska that says you pay it. When you ask how you can control it they say well we have the controls but you pay the bill. Now, I just can't imagine how that can be fair. So until we can get that changed, I think the best thing we can do is to continue to at least eliminate little by little those payments that are being assessed to the counties again of which they have no control. That is all I want to say at this time. Thank you.

SPEAKER MARVEL: Senator Schmit.

SENATOR SCHMIT: Mr. President, members of the Legislature, I think that you are all aware of the fact that I have always consistently supported the concept that sales and income tax should pay this cost, but I think it is important to also at this time that we sort of read into the record so we all understand where the principle benefits from LB 39 will rest. So I have asked Senator Kahle for some figures and I would like to ask him to respond if you would please, Butler County for example, the people from Butler County are very much in support of LB 39. I would like to ask Senator Kahle if he could tell us how much money is involved in Butler County at the present time?

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SENATOR KAHLE: In answer to Senator Schmit's question I have figures for the first year of the program which was at the 18% level. I'm not sure the new ones are in yet. But Butler County paid \$90,934 in their share of the medical vendor payment.

SENATOR SCHMIT: That is fine. That is the total cost then?

SENATOR KAHLE: That is the cost the county paid.

SENATOR SCHMIT: Okay, how much was the cost to Douglas County?

SENATOR KAHLE: In that same year it was \$6,013,217.

SENATOR SCHMIT: Ohhh.....repeat again.

SENATOR KAHLE: \$6,013,217.

SENATOR SCHMIT: Six million, two hundred thousand versus ninety thousand for Butler County, right?

SENATOR KAHLE: (inaudible)

SENATOR SCHMIT: How about Lancaster County? Lets have some figures on Lancaster County.

SENATOR KAHLE: Lancaster County paid \$1,438,367.

SENATOR SCHMIT: Versus \$90,000 for Butler County. Okay while we are on that, how about Sarpy County?

SENATOR KAHLE: Sarpy County paid \$302,980.

SENATOR SCHMIT: Versus \$90,000 for Butler County. Well Mr. President and members of the Legislature. You know again I want to say this. I have always said that this is the responsibility of the state. But I think that we ought to reinforce these figures here just a little bit in your mind because you know we often say on this floor but very seldom can one bill stand alone without being considered in context with other bills. So when we discuss such mundane bills as LB 284 and some of the rest of those bills and the proportionate amounts of money that go back to certain areas, I think that we ought to remember that in this instance if and when the total cost is borne by the state there will be over six million dollars that

is presently Douglas County costs that will be transferred to the state and in the areas of many of those rural counties such as Butler County it will be a ninety thousand dollar cost. Now as I said before I supported this bill, I support the concept but I think Senator Warner has a very valid argument that we ought to look at and I think that we should recognize that under LB 524, which I proposed, I intended to absorb that cost by the state. But I think that we need to recognize that when we take the action here today, if we do, and LB 39 continues to live, that the impact upon Butler County is not going to be exactly earth shaking. I know that we would like to cut that down. I sympathize with them. But I think that just for the record our good friends from Douglas County might be snookering us just a little tiny bit here because of the fact that they are going to come in for a little over six million and Douglas County is going to go romping home with \$90,000. So I hope that my county supervisors are aware of this fact and when the record is written that they realize that an awful lot of people from rural Nebraska went to bat for Douglas County and to a certain extent or a lesser extent Lancaster County because the principle beneficiary of LB 39 is going to be Douglas County. Senator Kahle, one more question. What is the total impact of this bill over the three year period, do you know? The total impact?

SENATOR KAHLE: The total impact of the total program?

SENATOR SCHMIT: Yes.

SENATOR KAHLE: The total impact for the same period of time that I mentioned the last time with the 80% was \$15,641,689.21.

SENATOR SCHMIT: Twenty one cents, okay.

SPEAKER MARVEL: Your time is up Senator Schmit.

SENATOR SCHMIT: I think about 40% goes to Douglas County that is about the usual rule of thumb down here so lets keep that in mind as we vote.

SPEAKER MARVEL: Senator Hoagland.

SENATOR HOAGLAND: Mr. Speaker, I would like a clarification about the agenda today. I have been hearing a rumor or two that it is the intent of the Legislature to adjourn at noon for the day. I wonder if that in fact is a plan and if we might have a sense of the body on that issue?

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SPEAKER MARVEL: Do you care to make a motion?

SENATOR HOAGLAND: I would move that we adjourn at noon and come back in at 1:30 and work until 3:30 or 4:00 and have a normal day. I came down on that assumption today and I'm surprised to hear that some people are talking in different terms so, I don't know if it takes a motion or not Mr. Speaker, but I would so move that we in effect have a full day down here today.

SPEAKER MARVEL: Your. . . Senator Hoagland, your proposal is that the Legislature recess until. . . .

SENATOR HOAGLAND: That we recess until. . . .

SPEAKER MARVEL: . . . at noon and we come back when?

SENATOR HOAGLAND: Come back at 1:30 and have a relatively normal afternoon. Maybe going out at 3:30 or 4:00 rather than 4:30.

SPEAKER MARVEL: Those who are in favor of that motion indicate it on the board. The motion is that we work until noon and then recess until 1:30. Then come back and work then. All those in favor of that motion vote aye, opposed vote no. Have you all voted? Okay, record the vote.

ASSISTANT CLERK: 30 ayes, 1 nay on the motion, Mr. President.

SPEAKER MARVEL: Okay, motion is carried. There may be some legislators in the building who are not aware of this and I would appreciate it if those of you who will be circulating around would indicate this to the other members. We will recess at noon and reconvene at 1:30 p.m. Senator Newell, do you wish to be recognized?

SENATOR NEWELL: I call the question.

SPEAKER MARVEL: The question has been called for. Do I see five hands? I see five hands. All those in favor of ceasing debate vote aye, opposed vote no. The motion before the House is to cease debate. Record the vote.

CLERK: 26 ayes, 1 nay to cease debate Mr. President.

SPEAKER MARVEL: Debate has ceased. The Chair recognizes Senator Warner, on your kill motion on LB 39.

SENATOR WARNER: Mr. President, members of the Legislature, again let me make it very clear that it is not my position that the counties are better able to pay. It is my position that it is poor policy to enact legislation that has a second and third year incremental increase knowing the probability of change in federal funds. Now the state has the primary problem, if the federal funds go away, as I understand existing law, counties pay 16% of the total funds expent in Medicaid. If there is a reduction in federal funds the state absorbs all of the reduction. The county share still remains 16% of total. For example in the current year, the estimated expenditure is 29,037,000 from state sources, 16,744,000 from county sources and federal sources are estimated for the current year at 72,779,000. Again I repeat, if the federal funds are reduced the total stays the same, the total pick up is the states responsibility of any reduced federal funds. Now, when I look at the proposed budget by the federal administration, I'll recap it in just a moment, but there is almost certainly to be a federal cap on Medicaid participation, the proposed one is a 5% reduction after taking a hundered million away from the current year estimated expenditure. Social services which a number of programs in which there has been federal participation on a categorical basis will all be rolled into a block grant with a 25% proposed reduction in all of it. On top of that energy assistance is proposed to be totally removed, health funds to be reduced, water funds to be reduced, mass transit to be eliminated and the only point that I am trying to make that in view of what the state may well be faced with, that it seems to be highly ill advised to absorb incremental increases going on second and third year when we are going to have to be looking at a whole series of programs not only in Medicaid but a whole series of programs dealing with block grants and I think the state needs as much flexibility to be able to think through and arrive at a justified position when once the figures are known to us for what federal cuts might occur. Again, the most significant thing is the fact that the county share will stay at 16% of total. Cut in federal funds is a total state responsibility as the law now exists. We anticipate a 13.9% increase in total funds expenditures the coming year, but I would hope that the body would not place the state in a position that this second, third year incremental funding can do. Now to have the kind of flexibility to rearrange all of our programs, which we are going to be faced in. . . .

SENATOR WESELY PRESIDINT.

SENATOR WESELY: Thirty seconds Senator Warner.

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SENATOR WARNER: . . . probability of doing. So I would urge the body to indefinitely postpone the bill. Allow it to be introduced again next year when we have a better handle on the total situation than what we have now and in any event I would hope that we do not enact legislation that is going to add to the complications that second and third year funding as proposed in LB 39, it will not add to the complications of trying to resolve this issue totally next session when we can deal with factual information rather than dealing, as we have to now, with proposed cuts. I should add not only are we talking about cuts next year, there is recession reductions in current years budget also proposed that we are going to have reckon with.

SENATOR WESELY: Your time is up Senator Warner. The motion is to indefinitely postpone LB 39. Those in favor vote aye, opposed vote no.

CLERK: Senator Wesely voting no.

SENATOR WESELY: Record the vote.

CLERK: 15 ayes, 21 nays, Mr. President on the motion to indefinitely postpone.

SENATOR WESELY: Motion fails.

CLERK: I have nothing further on the bill Mr. President.

SPEAKER MARVEL PRESIDING

SPEAKER MARVEL: Senator Kilgarin. We have taken care of the E & R amendments. Do you want to move the advancement of the bill.

SENATOR KILGARIN: I move LB 39 be advanced to E & R for Engrossment.

SPEAKER MARVEL: All in favor of that motion.....Senator Warner.

SENATOR WARNER: . . . asking if we were going to have a machine vote Mr. President.

SPEAKER MARVEL: You want a machine vote?

SENATOR WARNER: If I may please.

SPEAKER MARVEL: All those in favor of the motion vote aye,

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opposed vote no. Advancing the bill. Have you all voted?
The motion is to advance the bill. Record the vote.

SENATOR KAHLE: Mr. Speaker.

SPEAKER MARVEL: Yes sir.

SENATOR KAHLE: I would like to have a Call of the House and perhaps we can try it with the call in votes.

SPEAKER MARVEL: Shall the House go under Call, is this the first motion? All those in favor of placing the House under Call vote aye, opposed vote no. Record.

CLERK: 29 ayes, 0 nays to go under Call Mr. President.

SPEAKER MARVEL: The House is under Call. All Legislators please record your presence. Unauthorized personnel please leave the floor. Call in votes will be accepted. Senator Fenger, Senator Burrows, Senator Wiitala, Senator Koch, Senator Warner, Senator Kilgarin, Senator Cope, Senator Beutler, Senator Lamb, Senator Hefner, Senator Wagner.

CLERK: Mr. President, Senator Labedz voting yes. Senator Richard Peterson voting no.

SPEAKER MARVEL: Senator Pirsch.

CLERK: Senator Landis voting yes.

SPEAKER MARVEL: Announce the vote.

CLERK: 25 ayes, 14 nays on the motion to advance the bill Mr. President.

SPEAKER MARVEL: The motion is carried, the bill is advanced. Okay, 39A.

CLERK: I have no amendments on the bill.

SPEAKER MARVEL: Senator Kilgarin do you want to move the advancement of the A bill.

SENATOR KILGARIN: I move we advance LB 39A to E & R for Engrossment.

SPEAKER MARVEL: All in favor of that motion, Senator Marsh.

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LR 180

SENATOR CLARK: Bill is declared passed with the emergency clause. Clerk will read 39E.

CLERK: Mr. President, if I may right before that, I have explanation of votes from Senator Warner. (See page 1941).

Mr. President, an Attorney General's opinion addressed to Senator Hefner regarding reapportionment. (See page 1942).

Mr. President, a new resolution LR 180 offered by Senator Wesely. (Read LR 180).

Mr. President, with respect to LB 39, I have a motion on the desk.

SENATOR CLARK: Read the motion.

CLERK: Mr. President, Senator Koch moves to return LB 39 to Select File for a specific amendment. The amendment is on page 1282 of the Journal.

SENATOR CLARK: Before I call on Senator Koch I would like to announce what we are going to do is go through till 12:00 and come back at 1:30 and be on Final Reading because we will never finish it this morning. Senator Koch.

SENATOR KOCH. Mr. Chairman and members of the body, the amendment proposes one thing. That is that we provide a date certain and that would be a one year sunset which means the legislature would annually treat the issue that we are discussing in LB 39 which has to do with medical assistance. I believe that with the problems that we have in terms of the federal government, their budgeting, our budgeting that if we are going to provide some relief to counties the best we should do is on an annual basis make a determination whether or not we should continue. So my amendment says that it shall be a one year provision. The legislature next year would have to review that to see if we want to continue to a great degree. I ask for the adoption of the amendment.

SENATOR CLARK: Senator Kahle.

SENATOR KAHLE: Mr. President, members, I know that it is going to seem strange to some of my colleagues but I am going to support Senator Koch and hope that we can pass this bill with the one year stipulation in it. I know that it is going to be rough because the Governor said that he was going to veto it, at least in its entirety. I have several

reasons for this. Of course all of you know that are in the legislative process that there is a time to hold and a time to fold and I suppose a time to raise but I don't think this is the time to raise. So I would like to solicit your support for the one year provision in LB 39 for several reasons. Several of which Senator Koch has already mentioned. We do have uncertainty in how much the federal government is going to cut and where in the world we are going to get the money in the years to come. I suppose by next year when we have the next session that we will have a great amount more knowledge as to how much is going to be cut and where. I have another idea that has been crossing my mind that some of you have mentioned or know, and I believe Senator Wagner will probably be able to speak to this and I don't know whether he has his light on, if he doesn't maybe I can give him part of my time, as to how much interest was accumulated on that 70 million dollars that finally went out the other day. We argued here one day on the floor and some said that there wasn't any interest, some said that the money was not there and a number of things that were said. We have the facts to prove that there are about a million eight or a million nine hundred thousand dollars that was accumulated on interest on the 70 million dollars. Now you might say how does that relate with 39. Thirty-nine the medical vendor payments that the counties pay is a direct drain on the property tax. There is just no other way the counties can get that funding but through the property tax. So if we have any conscience at all about giving that money back to the subdivisions of government that we took from them in interest, no matter how you look at it, this might be one way to do it and this would cover a great share of the first year and the appropriation that Senator Koch is talking about. The other thing Senator Warner mentioned the other day and I know this is probably not the way to go at this but if I remember his statement right, the state last year did appropriate more money for the welfare program than we needed. This is not hard to figure out because we don't know what the welfare program is going to cost the State of Nebraska. So I really don't believe that it is going to hurt the budget for next year that much in itself. Now if you are going to tie it to all of the other things we are doing why of course it would be a part of the problem. But looking at LB 39 in its own context and with the interest we accumulated on 70 million dollars and the budgeting, if you look at the budget from last year I really don't believe that LB 39 is going to cause that much problem. So I support the Koch amendment.

SENAOR CLARK: Senator Warner.

SENATOR WARNER: Mr. President, I rise to oppose the Koch amendment. Occasionally there is justification to support amendments that will make a bad bill not quite as bad but in this case I assume that probably we are better off to leave the bill as it is. Receipts are down. I don't think the $2\frac{1}{2}$ million for one year is there any more than the receipts are available for a whole lot of other things. At some point we have to make priorities. I do not believe that we can pick this up this year. I certainly don't think we should make the commitment for this year the continuance to next year knowing that substantial adjustments are going to be made in all probability with many of these programs which federal funds are part of whatever the reduction under existing law, whatever the reduction is in federal funds. The state picks up 100% of that reduction. Local...county government is responsible for 16% of the total and if the federal funds go down they still are responsible only for that 16% of the total but the state will be responsible for all of the funds that the federal government does not provide and there is no question that there will be substantial change and I think the state needs to retain the maximum flexibility to absorb those costs. Next year there is going to have to be, in my opinion, there is going to be significant adjustment in programs that are funded. Significant adjustment in programs that are authorized by law, some I think are going to have to be eliminated. I would think that it is a far better approach would be just to adopt an amendment similar to one that we did on a bill yesterday, which motion I will offer before the bill is read on Final Reading which is merely to bracket LB 39 until the next session and let us consider it then so we can see the full impact of all of the ramifications that are inevitable for the 1982 session. I would hope that we would not further complicate those problems by adding to the state burden this year knowing full well that we are going to have substantial increases next year to consider in any event. But I can not support the amendment because obviously it is designed to make it easier to pass. I don't think that it should be made easier to pass. It is not easy for me to do this because I have made this statement before. But I was in here fighting for property tax relief when no one else was in here except Senator Kremer was on the same side. But the conditions are such that I can not in good conscience support added burden to the state financial responsibility knowing full well what we are faced with. So I would urge that the amendment not be adopted and that we bracket the bill until next session rather than consider it today.

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SENATOR CLARK: Senator Newell. Senator Newell.

SENATOR NEWELL: (No response).

SENATOR CLARK: Senator Wagner.

SENATOR WAGNER: Mr. Speaker and members, Senator Kahle had indicated about the interest on that 70 million dollars and I would like to clarify something here because this was raised on some amendments that did deal with 284 and there very definitely was and there is interest money from the 70 million dollars. It came in at the rate of about 10 million dollars. It came in on December 20 in 80 and then each month thereafter until we hit April 20th and there is like 50 million dollars that was in the fund at that time and the total amount of interest on this and this is from the investment council. There was \$1,225,554. We had amendments to 284 that was defeated because they said there was not any funds there. There is interest funds in there. I would support Senator Kahle's....Senator Koch's amendment to LB 39 and some of the funds could come from that.

SENATOR CLARK: Senator Nichol.

SENATOR NICHOL: Question.

SENATOR CLARK: The question has been called for. Do I see five hands? I do. All those in favor of ceasing debate vote aye, those opposed vote nay.

CLERK: Senator Clark voting yes.

SENATOR CLARK: Voting on ceasing debate. Once more we are voting on ceasing debate. Record the vote.

CLERK: 26 ayes, 5 nays to cease debate Mr. President.

SENATOR CLARK: Debate is ceased. Senator Koch, do you wish to close on your amendment?

SENATOR KOCH: Mr. Chairman, we all understand the purpose and when we talk about dollars that either comes from the general fund or it comes off property tax and Senator Warner alluded to the fact that he has worked many years on trying to relieve the burden of property tax and I know he has. But in view of the fact that the counties must obtain their sources of revenue from property and other kinds of funds

and this is an obligation that we placed upon them along with the federal government, I think this is not unreasonable that we do provide them some assistance for this year until we have an opportunity to review the problems placed upon us because of the present administration's economic package. I ask for the adoption of the amendment.

SENATOR CLARK: Question before the House is the adoption of the Koch amendment to LB 39. All those in favor vote aye, all those opposed vote nay. The motion is to return the bill.

CLERK: Senator Clark voting no.

SENATOR CLARK: Record the vote.

CLERK: 29 ayes, 9 nays, Mr. President on the motion to return the bill.

SENATOR CLARK: The bill is returned. Senator Koch.

SENATOR KOCH: Mr. Chairman, I move the adoption of the amendment.

SENATOR CLARK: Question before the House is the adoption of the Koch amendment to LB 39. Senator Newell.

SENATOR NEWELL: Mr. President, members of the body I rise to oppose the Koch amendment. You know I sense there is a great desire here to take what you can get and run. I suppose that is a very natural thing in the political process and one that I seldom have a lot of qualms about. There have been times when I have taken what I can get, what little it might be and frequently it has been very little. But I think we have a major issue here and a principle that transcends just what we can get and that is who is to pay for the cost of Medicaid. The counties have no ability. No ability to effect the program. They have no ability to cut costs. They must pay whatever they are told to pay by the state. They sometimes argue about it in the case of Douglas County trying to litigate a little bit, trying to reduce those costs, but frankly those costs are very simple. They are just passed through. They ~~are~~ passed through to the tune of 16% of whatever the total bill is. Now frankly I don't think that our counties can long afford to do that. This bill, LB 39 is the closest thing to property tax relief that this body is going to see this year. I don't hold out much hope for the 20 million dollars in state aid. I fully believe and I'm sure that the Governor will

soon verify that that will recieve a veto and I don't think the votes are here to override it, maybe they are. I hope they are because we need property tax relief. But this bill is the only other thing that might pass for property tax relief this session. It is the only other thing that we can do to help relieve our tax payers, over burdened property tax payers who pay better than 50% of all state and local revenues for property taxes. Frankly we ought to have some assurances or give the county some assurances that these costs are going to be alleviated in a reasonable manner. To phase out 2% a year until we reach 10%. Frankly I think we ought to phase it out completely as most other states in the union have done. But this take what you can get sort of philosophy is really going to create some problems for us if the cuts that we have seen coming from the federal government persist. Next year we have no idea what those costs are going to be and the year after I predict that they could in fact be very dramatic because the federal government is shifting back to the states and consequently to the counties a greater share of those costs. This legislature has at least some power to hold those costs down. The counties do not. This legislature ought to come up with the dollars to do that. This amendment basically is the philosophy, take what you can get and run. It is not the kind of policy decision this legislature ought to be making in regard to medicaid funding. We ought to be making a long term systematic and assured commitment that we as a legislature will take the responsibility that has really become a state and federal responsibility, not a county responsibility. I urge rejection of the Koch amendment.

SENATOR CLARK: Senator Kahle, on the Koch amendment.

SENATOR KAHLE: Mr. Speaker and members I spoke awhile ago on the Koch amendment so I will not take much time. As those of you that worked with, I'm not sure....the number I believe is 199, I'm not sure, when Senator Goodrich and I had this same issue up two years ago. It was compromised then. We had a four year program set up whereby we would have taken the medical vendor payments from 20% down to 10%. The deal was made at that time, so this isn't the first time that we have compromised our principles, I guess. I think Senator Newell is right in what he says. I feel the same way, but for some of the same reasons that he has mentioned that we don't know what the federal government is going to do. We don't know what the income of the State of Nebraska is going to be. I would want to stress this one thing that Senator Koch mentioned and that all of you know but you may sometimes forget. That money is going to be spend no matter what we do here this morning.

Some of it is either going to come from the State of Nebraska sales and income tax or it is going to come out of your pockets as property owners. There is no way we are going to change the amount of money that is being spent with this bill. I guess it all depends upon your philosophy. I think that many of us have stood up and said we favor more sales and income tax and some property tax relief. Well if you want to support what you said this is one way to do it in a small way. We are going to....every penny that we put in this program, into LB 39 will be property tax relief for some property tax payer somewhere in the State of Nebraska. So I guess I hate to give up. I would have liked to have seen the whole bill, but I am a realist. I believe that we have a chance of passing LB 39 with the one year provision. I believe we have a chance of overriding the Governor should he decide to veto it, he may or may not, but with this change, I have not talked to him, so I support the Koch amendment. Thank you.

SENATOR CLARK: I would like to announce a guest from Seoul, Wha Young, OK Jin Lee guest of Steve and Marilyn James, Senator Fowler's secretary. They are in the north balcony. Will you stand and be recognized please. Welcome to the Legislature. Senator Higgins.

SENATOR HIGGINS: Mr. President and Senators, I too would like to see this bill passed on a permanent basis rather than compromise and go for just one year. But when I came down here I realized that we rural senators and we urban senators have to compromise and sometimes you have to take what you can get. I remember LB 284 was designed to get Douglas County a heap more than the other counties. Some eloquent senator said to me one night down here, you know Marge, pigs get fat but hogs get slaughtered. For this reason I support Senator Koch's amendment. I don't think we ought to be hogs about this. I think we ought to just try and accept this compromise and at this time take what we can get and not demand the whole hog. So I would ask all of the urban senators and the rural senators to join with me and vote for Senator Koch's amendment. We people from Douglas County aren't really all that hoggish. Thank you.

SENATOR CLARK: Senator Koch, do you wish to close on your amendment?

SENATOR KOCH: Thank you Mr. Chairman. I move for the adoption of the amendment.

SENATOR CLARK: The question before the House is the adoption

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of the Koch amendment to LB 39. All those in favor vote aye, all those opposed vote nay. Have you all voted on the Koch amendment to LB 39? Record the vote.

CLERK: 29 ayes, 8 nays Mr. President on the motion to adopt the amendment.

SENATOR CLARK: The motion is adopted. Senator Koch will you want to move the bill.

SENATOR KOCH: Mr. Chairman, I move that LB 39 be readvanced to E & R Final.

SENATOR CLARK: You heard the motion. All those in favor say aye, opposed no. The bill is readvanced. A motion on 39A.

CLERK: Mr. President, Senator Kahle would move to return LB 39A to Select File for specific amendment. The amendment would read as follows: (Read Kahle amendment).

SENATOR CLARK: Senator Kahle.

SENATOR KAHLE: Mr. President and members, this is a later fiscal note to the bill that was brought to us by the Fiscal Office. I move its adoption.

SENATOR CLARK: The motion is to return the bill. Is there any discussion? All those in favor vote aye, all those opposed vote no.

CLERK: Senator Clark voting aye.

SENATOR CLARK: Have you all voted on returning the bill? Record the vote.

CLERK: 30 ayes, 0 nays, Mr. President on the motion to return the bill.

SENATOR CLARK: The bill is returned. Senator Kahle, on the amendment.

SENATOR KAHLE: Mr. President, I then move that the amendment changing the fiscal note be adopted.

SENATOR CLARK: You all heard the motion. All those in favor vote aye, all those opposed vote nay. Voting aye.

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body is supposed to be at their desks anyway. The House is still under Call so we are now on Final Reading and you may read matters in while everybody is getting to their respective desk.

CLERK: Mr. President, Senators Pirsch, Hoagland, Cullan, and Hefner would like to print amendments to LB 213 in the Journal.

Your committee on Enrollment and Review respectfully reports they have carefully examined engrossed LB 39 and find the same correctly reengrossed; 39A reengrossed; and 179 correctly reengrossed. All signed by Senator Kilgarin as Chair.

PRESIDENT: There is a motion on the desk before we start Final Reading. Read the motion, Mr. Clerk.

CLERK: (Read Warner motion found on page 1990, Legislative Journal.) That is signed by Senator Warner.

PRESIDENT: The Chair recognizes Senator Warner.

SENATOR WARNER: Mr. President, members of the Legislature, I offer the motion once again to once again emphasize my concern that we cannot under our system have any kind of orderly presentation for considering priority of funding of programs, because of my concern that the operations of the...continuous operations of existing state responsibility should have first priority and resolved before we start new and expanded programs or expanded aid.

PRESIDENT: Could we have a little bit of order? It is just very difficult to hear up here even.

SENATOR WARNER: I freely acknowledge that I have some satisfaction and because the Governor is a friend of mine I have some satisfaction from that that the Legislature gives him both the privilege and the responsibility and the good PR of setting those priorities because of our inability or unwillingness to do it or to accept a system that permits it, but notwithstanding the fact that I like that, my prime concern is that that is a legislative responsibility and I think a responsibility that we should have and it is one I think we ought to jealously guard. I offered the motion again today. The statement has been made, and I am not going to pursue the motion, as is pointed out when you have lost you have lost, and from that point on, vote your conviction and let it go and the decision, in fact, was made Monday. Certainly it was made yesterday, and the Speaker is gone to defend the agenda, I will not pursue it further but

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begin Final Reading. I would make one comment before we start Final Reading and that is that if we do not get through most of the bills on Select File at the moment, we are going to have to meet tonight and we still may be in trouble as far as time goes. Now there is nothing I can do except to ask for your cooperation. They are your bills and there are ways of stalling these bills. There are ways of forcing them to remain where they are. I assume you would like to clear the agenda before we adjourn sine die. So would all legislators, first of all, please return to your seats and prepare for Final Reading. Then after Final Reading we will proceed with motions and also with Select File. It is my privilege at the moment to congratulate Senator Beyer on his 16th birthday. Senator Nichol.

SENATOR NICHOL: Mr. Speaker, you have just asked us to return to our seat. In view of the time I would certainly ask the senators to please so we can get started at least. I hate to sit here and have you suffer while we traipse around so I would sure hope we would get on with it.

SPEAKER MARVEL: I thought you knew I got adequately paid for this job. Are we all set for Final Reading? The Clerk will read on Final Reading, LB 39 with the emergency clause.

CLERK: Mr. President, I have a motion. Mr. President, Senator Warner would move to bracket LB 39 and 39A until the 1982 legislative session.

SPEAKER MARVEL: The Chair recognizes Senator Dworak since Senator Warner is not here this morning. Senator Dworak.

SENATOR DWORAK: Speaker Marvel and colleagues, the reason Senator Warner proposes that we bracket 39 and 39A until next year, I think is relatively apparent. It is the collective opinion of the Appropriations Committee that if this particular measure is passed, it would probably trigger a change in tax rates. Now of course there are a lot of things that are uncertain and a lot of things are fluid because, number one, we really don't know what will happen with other possible veto overrides. We don't really know what other bills will pass but assuming that we override nothing else, it is, in my opinion, this particular measure this year with the projections that we have received from the Department of Revenue, would trigger a tax increase. Another thing that I think has a lot of people very concerned and uneasy is the impact or ramifications of what the federal government may do in the area of budget cuts which certainly will affect the State of Nebraska and also in the area of tax decrease.

As you know we piggyback onto the federal income tax system and if, in fact, the current administration is successful in getting a tax reduction that is going to affect Nebraska income. So with these uncertainties that will crystalize and be clear next year, it is my personal feeling and the feeling of Senator Warner that it would be prudent to hold this over until next session. I think that the concept is good. There is no question about the validity of the concept. You can certainly argue the merits of LB 39 and 39A but I think we have to understand individually and collectively the very real ramifications of this bill being passed at this time. So I would urge that we support Senator Warner in his motion to bracket LB 39 and 39A, not kill it, keep it alive, keep it viable until some of these answers shake out and when we have the facts before us next year, then act on it.

SPEAKER MARVEL: The Chair recognizes Senator Kahle.

SENATOR KAHLE: Mr. Speaker and members, I strongly object to this motion to return. This bill has had good support for General File and again on Select File. Those very people that have been talking about obstructing the process are the ones that obstruct the process and I think that this bill should be voted on, be read, be voted on, sent to the Governor. I know he does not like it. We did meet with the Governor earlier, some of the county officials and myself and he looked me straight in the eye and he said if you can find the money I will support it. Well I found the money. I found the money. It is the interest on the 70 million that the state did accumulate in the time when we held that money and we did not pay it out to the subdivisions of government that we should have paid out in my estimation. So I think the A bill on this is 2.3 or .4 million dollars we have collected. The state has collected around 2 million dollars in interest. I believe Senator Wagner has a better figure than that. So I think it is foolish for us to delay this bill at this time. This would be one way that the money would go back to the taxpayers directly because the medical vendor payments come from the county funds and from the property tax directly. So I object strenuously to holding this bill up another year. This is the year we need to pass it. Next year, we already took off two years and compromised so that we could take a look at next year as Senator Dworak talks about. And again I want to emphasize that that money for the, that was held up did draw interest and we have the figures to prove it from the departments that handled it. So I urge you not to delay LB 39 at this time. Thank you.

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SPEAKER MARVEL: Senator Cullan.

SENATOR CULLAN: Mr. President, members of the Legislature, I rise to support Senator Dworak and Senator Warner who cannot be with us today and the Appropriations Committee in this move to hold LB 39. As you know, the Public Health and Welfare Committee did advance LB 39 to the floor. I have supported this bill to this stage in the legislative process and I do support the concept of reducing the counties involvement in the funding of welfare. In fact, I more actively support LB 522. I think it is time for us to realize that the counties do nothing but pay the bills and have very little, if any, significant control over the operation of the welfare programs in the state. So I really do not support the current system and I do support the philosophy of LB 39 but I believe that this is a time for us to be very cautious and very prudent so far as tax rates are concerned. We do not know what the changes in the federal level are going to be but we do know they are going to be significant and we know they are going to have a tremendous impact on welfare programs in particular and we may have to do some significant changes in the structure of the welfare system in the State of Nebraska in the near future. From my understanding other states are taking some action this year to significantly cut welfare cost and to cut many of the options the state has. Many of you may not know this but Nebraska has one of the most comprehensive welfare programs in the United States as far as Medicaid is concerned. We have adopted virtually every option that is available in this area and the Health and Welfare Committee took a look at cutting some of those things a couple of years ago and decided not to. The point I am trying to make is that there are many things that are going to change in the near future. It will not be that serious if we hold this bill until we see what those changes are and I think it would be wise of us to keep tax rates at the current level this year so that if we need to react in a major way next year to the changes at the federal level, we can do so without having to tremendously increase the state budget and the operations of the State of Nebraska. This is the same reason that for the first time I have decided to, this year, that I am not supporting an increase in state aid to education for the same reason. I think this year we need to maintain those tax rates as best we can so that we are in a position to react to the many changes at the federal level. I would urge you to bracket LB 39, to leave this bill until next year so that we can handle the changes in the welfare program more appropriately.

SPEAKER MARVEL: Senator Vard Johnson.

SENATOR V. JOHNSON: Mr. Speaker, members of the body, I

oppose the motion to bracket the bill until next year. Senator Dworak states that one of the reasons that we ought to hold the bill until next year is because we know that there will be some changes at the federal level. Those changes will affect our Medicaid program and accordingly we ought to at least wait until the changes are completed so that we can take into consideration the full measure of the change before we continue the process of reducing the county contribution requirement. Now under some circumstances I might support a move to bracket, knowing that changes are in the works but I cannot so support a move to bracket when the changes are federal changes as opposed to state changes. Three weeks ago or two weeks ago we decided to bracket a bill to allow Lancaster County a district court judge until next year. One of the major reasons we decided to bracket that bill was because we were going to undertake a study of judicial districting ourselves. That study is in our hands. We are conducting it and we will ultimately be able to gauge the outcome. That is not going to be true, however, for the federal program. I think we need to continue to operate on a course that we have been moving on for the last several years which very simply is to reduce the county Medicaid share until we get the job completed, irrespective of what changes may or may not occur at the federal level. Senator Cullan says that he supports basic revisions in the overall welfare program, particularly those embodied by LB 522. I support 522 because that is a bill that I introduced. Those changes are necessary but those changes, likewise, are predicated on relief to the counties of all Medicaid expenditures. Sooner or later we will come to the point literally of relieving the counties of the Medicaid share requirement. It is my opinion we are better off to continue the long, hard, slow and tedious course of reducing the county's share of the Medicaid level. We did 2% last year. We did 2% the previous year. We need to do 2% this year. Any stop in the momentum is a break in the dike of relieving counties of the Medicaid share. It is that kind of a break in the dike that we ought not to tolerate. For that reason, I specifically ask this body to reject the Dworak motion to bracket.

SPEAKER MARVEL: The Chair recognizes Senator Fowler.

SENATOR FOWLER: Mr. President, I just want to correct a statement. If I understood what Senator Cullan said, he was rising to support the position of the Appropriations Committee and I just want to point out the Appropriations Committee has no position as a committee. We have not met or discussed, I mean no position on this issue. We do have a few positions but not on this one. As far as I know we have not met to discuss the bracketing as an official

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committee policy. Senator Dworak presented some of the fiscal information. Passage of this bill would exceed what the committee had recommended for an allocation for A bills by a million dollars. We had allowed 4 million. This bill would add a million above what we had considered a reasonable allocation. I am not sure that an additional million dollars out of 720 million is going to trigger a tax increase, however. A million may sound like a lot but compared to the 720 million total tax revenues it is a small percentage. So I am not sure that passage of this bill necessarily would trigger a tax increase.

SPEAKER MARVEL: Senator Rumery.

SENATOR RUMERY: Mr. President, members of the Legislature, I would like to ask Senator Kahle a question or two if I might, please. Senator Kahle, you made a very significant statement in your presentation when you quoted the Governor as saying he would support this if you could find the money and you indicated you found the money. What was his response to that?

SENATOR KAHLE: Senator Rumery, I have not sprung that on him yet. I was going to do that after the bill passes.

SENATOR RUMERY: Well as you know I have been supporting this bill from the very beginning. My county commissioners want it and apparently most county commissioners want it and I understand the position of Senator Warner and Senator Dworak but I hadn't had an opportunity to really work on this part of it and I thought if the money was available from the interest of this 70 million why maybe we could take another look at it. My constituents who have ever talked to me really want this and I hope we can do it and I am not too much opposed to delaying it for six or eight months but I guess I would have to have more information from you before I can make a final decision.

SPEAKER MARVEL: Senator Newell.

SENATOR NEWELL: Mr. President, I ask for the question.

SPEAKER MARVEL: The question has been called for. Do I see five hands? Senator Wagner.

SENATOR WAGNER: Mr. Speaker, I think one of the pages knocked my light off. I would like to talk on this motion here.

SPEAKER MARVEL: The motion now is to cease debate. Senator Newell.

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SENATOR NEWELL: Yes, Mr. President, if you would be so kind, I will defer just to allow Senator Wagner to speak and then I would, if you would call on me again I would...

SPEAKER MARVEL: The Chair will indicate that some additional discussion would be profitable and this is hard for me to say today...

SENATOR NEWELL: Okay.

SPEAKER MARVEL: ...but, so you withdraw your motion. So ordered and, Senator Wagner, the Chair recognizes you on the motion to bracket.

SENATOR WAGNER: Mr. Speaker, members, I am sorry about how the button got in. I didn't mean to offend any page either but I did have my light on and it is off now, was off. I am opposed to this bracketing of this bill at this time or any time really. There is money as Senator Kahle had indicated. We looked into it. The Investment Council indicated there is over 50 some million dollars was put into the fund and earned an interest of probably at the time the money was paid out, of probably of about a million point six, something like that and I have tried pretty hard to try to return some of this interest money to some of the people in the political subdivisions and we just have not been able to do it. The last chance to return some of this money is through LB 39 and, therefore, I am opposed to this bracketing of this bill and would support LB 39. Thank you.

SPEAKER MARVEL: Senator DeCamp. The question has been called for. Do I see five hands? Okay, all those in favor of ceasing debate vote aye, opposed vote no. Record.

CLERK: 28 ayes, 0 nays to cease debate, Mr. President.

SPEAKER MARVEL: Debate is ceased. The Chair recognizes Senator Dworak to close on his motion.

SENATOR DWORAK: Mr. Speaker and colleagues, Senator Fowler is essentially right in the fact that there is a...there could be a million dollars left and there will be a million dollars left assuming we don't pass the health insurance bill which is pending at the tune of about 800 thousand and also the miscellaneous claims bill which is about 300 thousand and that pretty well takes care of that million dollars that Senator Fowler very adequately indicated is left. Now we sent to the Governor approximately 760 million dollars worth of expenditures. He vetoed 24 million and that leaves us now with expenditures, not counting this, of 736 million

dollars. Now we are going, as Senator Fowler very correctly indicated, we are anticipating revenues of about 737 million and when you take into account the...which I think we are going to have to pass, that health insurance situation, I think you are going to have to take into account those miscellaneous claims against the state. I don't think in good conscience we can trade this bill off for those. Then we are going to break the tax rate level that is going to trigger a tax increase. So, you know, make no mistake about it, when the Governor's vetoes came back, Senator Kahle and Senator Warner, that took into account the interest money and everything else. That is all in there. There is not extra money other than what the Governor vetoed back to. So the point of the matter should be very clear that if we pass this we, in fact, are very seriously jeopardizing the possibility of a tax increase. Now that is our prerogative. If this body desires to do that, well so be it but I just do not think anybody ought to be unclear, anybody ought to make a mistake that that is what a vote not to bracket. If we pass this bill that is what is going to happen. So, I think that the fact that there has been a task force created with committee chairmen to study the whole Medicaid problem this summer, the fact that this task force is going to specifically study and coordinate the federal cutbacks in different grants, this bill does not need to go across that fast. This bill, I would like to keep it viable, keep it alive pending results of that study this summer. The study has been approved by the exec board. The committee has been formed, that special committee of committee chairmen and Senator Warner and I just think we ought to have the answers to some of these questions before we make a decision and then we are going to have the vehicle in place next session on Final Reading and pending the outcome and results of that study we can make a prudent decision. I think we are just going to be jumping too fast here and I think the consequences of that fast jump, which is a tax increase, are too serious to make at this time but there is no magic money that somebody found. We have already spent that and the Governor vetoed back 24 million dollars which puts us right at precariously a level of being able to continue the business of this state under the existing tax rates. So I would urge that you support the bracket motion this morning. You know we are already sending about 52% of our general fund money back to local subdivisions of government. It is not like we are not helping those local subdivisions out and it just appears to me that I know we are all very sensitive of property taxes but I have never heard people say I want to pay more sales and income tax either. So I would urge that we bracket this and have a good, thorough, careful look at it this summer and make our decision next session.

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LB 39, 39A, 179

SPEAKER MARVEL: The motion before the House is the bracketing of the bill until the '82 session. Is that right, Senator Dworak?

SENATOR DWORAK: Yes, Senator Marvel.

SPEAKER MARVEL: Okay, all those in favor of the motion vote aye, opposed vote no. Have you all voted? Record the vote.

CLERK: 13 ayes, 31 nays, Mr. President, on the motion to bracket the bill.

SPEAKER MARVEL: The motion lost. Okay, the Clerk will read on Final Reading LB 39 (E).

CLERK: (Read LB 39 on Final Reading.)

SPEAKER MARVEL: All provisions of law having been complied with, the question is, shall the bill pass with the emergency clause attached. Those in favor vote aye, opposed vote no. Have you all voted? Record the vote.

CLERK: (Read record vote as found on page 2129 of the Legislative Journal.) 36 ayes, 10 nays, 1 excused and not voting, Mr. President, 2 present and not voting.

SPEAKER MARVEL: The bill is declared passed with the emergency clause attached. The next, LB 39 A with the emergency clause.

CLERK: (Read LB 39A on Final Reading.)

SPEAKER MARVEL: All provisions of law having been complied with, the question is, shall the bill pass with the emergency clause attached. Those in favor vote aye, opposed no. Have you all voted? Record the vote.

CLERK: (Read record vote as found on pages 2129-2130 of the Legislative Journal.) 37 ayes, 10 nays, 1 excused and not voting, 1 present and not voting, Mr. President.

SPEAKER MARVEL: The bill is declared passed with the emergency clause attached. The Clerk will now read on Final Reading LB 179 with the emergency clause.

CLERK: (Read LB 179 on Final Reading.)

SENATOR CLARK PRESIDING

SENATOR CLARK: All provisions of law according to procedure

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LB 39, 39A, 179, 252,
451, 499, 506, 529

RECESS

SPEAKER MARVEL PRESIDING

SPEAKER MARVEL: Record your presence, please. Okay, record.

CLERK: There is a quorum present, Mr. President. Mr. President, the bills that were read on Final Reading this morning are ready for your signature.

SPEAKER MARVEL: While the Legislature is in session and capable of transacting business, I am about to sign and do sign reengrossed LB 39, reengrossed LB 39A, reengrossed LB 179, engrossed LB 252, engrossed LB 451, engrossed LB 499. Do you have anything to read into the record, Mr. Clerk?

CLERK: Mr. President, one other item. Senator Chronister moves that the Legislature reconsider their action on the final passage of LB 529.

SPEAKER MARVEL: What was that announcement again?

CLERK: Mr. President, I have an Attorney General's Opinion addressed to Senator Lamb regarding LB 506. (See pages 2140 and 2141 of the Legislative Journal.)

SPEAKER MARVEL: From Senator Wesely's District we welcome forty-five students from Northeast High, Lincoln, Nebraska. Melvin Berka is the teacher. In the north balcony. Will you hold up your hands so we can see where you are? Welcome to the Unicameral. From Senator Sieck's District nineteen 4th Grade students and 2 adults from York Edison Elementary School, York, Nebraska, Mrs. Sue McDaniel, teacher, also in the north balcony. Where are you located? Welcome to the Unicameral.

SENATOR NICHOL: Senator Marvel.

SPEAKER MARVEL: Somebody says be kind. This is the time for action. I would like to read two or three paragraphs to you to emphasize the fact that we either get off of dead center, stop amending so many bills, stop putting discussion on certain pieces of legislation when we could do with maybe one-tenth of what has been offered. And I have indicated it is perfectly all right with me from a selfish standpoint if you want to continue the debate, if you want to continue to clog up the machinery, and it is clogged up, believe it or not, you can do that and you are going to lose some important legislation that practically everyone has, including reapportionment as an example. Now let me

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LB 39, 39A, 179, 252, 451,
LB 548, 499

sure that they would do that, but I don't want to, because of equity the reasons I guess I don't want to create a problem but I am concerned about it because it is my impression that there are those groups that go around the country looking for these kinds of instances and I assure that the attorneys doing it probably have a fifty-fifty or something better share. I do not know on this particular case that that is true, but I can well imagine that there well may be other examples that could be significantly greater than \$13,900 that is involved in this issue today. And I think it...there is a great deal of reluctance on my part to establish a precedent of picking up with General Fund money those funds that were erroneously as it turned out or illegally as it turned out placed into this fund, and I think it is even hard for me to imagine that they couldn't file a suit on an equity basis and maybe have some basis as to when inasmuch as the money was not placed in the fund originally correctly. But again, as I have indicated, I probably...I guess I will withdraw the amendment, having called attention to it, but I have a great reluctance to see this precedent started and I think that certainly by next session we need to establish by statute some clear policy so that this does not result in some future substantial amount of funds being charged to the General Fund because of an error somewhere along the line on property that was escheated back to the state. So with that comment and because of my reluctance to for equity of the individual attempt to stop the payment entirely, I will withdraw the amendment, Mr. President, but I do so very reluctantly.

SPEAKER MARVEL: The motion is the advancement of LB 548. All those in favor vote aye, opposed vote no. All those in favor say aye. Opposed no. The motion carried. The bill is advanced. Okay, we are ready for 512. We are ready... yes, go ahead, and then we will take up 512.

CLERK: Mr. President, a few items to read in if I may. Mr. President, Public Works would like to have a meeting with the Natural Resources Commission at Noon on May 27 in Room 1517. Any Senators are invited to attend. That announcement is offered by Senator Kremer.

Mr. President, LBs 39, 39A, 179, 252, 451 and 499 have been presented to the Governor for his approval.

Mr. President, I have a proposed rules change offered by Senators Wesely and Beutler. That will be referred to the Rules Committee for their consideration. (See page 2144 of the Legislative Journal.)

May 24, 1981

LB 243, 216, 39, 39A, 472A

SENATOR CLARK: A Call of the House has been requested. All those in favor vote aye. All those opposed vote nay. Record the vote.

CLERK: 16 ayes, 0 nays, Mr. President, to go under Call.

SENATOR CLARK: The House is under Call. If all senators will return to their seats and check in please. Will you all check in please. Senator Lamb, Senator Hefner, will you check in please. Senator Wagner, Senator Newell, Senator Remmers. Get Senator Lamb checked in please. Senator Wagner is the only one we are missing and there he is. The Clerk will call the roll. He will read first what he is calling it for.

CLERK: Mr. President, the motion is to advance LB 243 to E & R for engrossment. (Read roll call vote as found on pages 2266-67 of the Legislative Journal.) 25 ayes, 20 nays, Mr. President, on the motion to advance the bill.

SENATOR CLARK: The bill is advanced. LB 216. The Clerk would like to read a couple of things in.

CLERK: Mr. President, I have a message from the Governor. (Read. Re. veto of LB 39 and 39A.)

Mr. President, I have a motion from Senator Kahle that LB 39 and 39A become law notwithstanding the objections of the Governor.

SENATOR CLARK: LB 216.

CLERK: Mr. President, excuse me, but Senator Haberman would like to print amendments to LB 472A. (See page 2268 of the Legislative Journal.)

SENATOR CLARK: I would like to also announce there is an Executive Board meeting tomorrow morning at eight o'clock, the 27th of May. Senator Lamb has called that at eight o'clock tomorrow morning.

CLERK: Mr. President, with respect to 216 there are E & R amendments pending.

SENATOR CLARK: Senator Kilgarin.

SENATOR KILGARIN: I move the E & R amendments to LB 216.

SENATOR CLARK: You have heard the motion. All those in favor say aye, opposed no. The amendments are adopted.

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LB 39

CLERK: Mr. President, Senator Kahle would move that LB 39 become law notwithstanding the actions of the Governor.

SPEAKER MARVEL: The Chair recognizes Senator Kahle.

SENATOR KAHLE: Mr. Speaker and members, first of all, I want to establish my credibility on this subject. LB 39 is not the first time we have had this issue before us. Senator Goodrich and myself sponsored I believe 177 two years ago, and as to establish my credibility, I did serve on a county board in Kearney County for eight years and served on the Welfare Committee Board that goes along with that job so I understand what the medical vendor payments are and what they mean to a county. First of all, I want to draw your attention to how 39 progressed in its path through the Legislature this year and on Select File the vote was 36 to 10 for 39 and 39A it was 37 to 10, picking up one vote. So this gave me encouragement to think about overriding the Governor's veto and it will be interesting to see how the vote turns out today. I am not threatening anybody, of course, but it will be interesting to see how deep the political implications are in this nonpolitical body. The Governor's message on the veto was kind of interesting, and in the second part of the paragraph, it says the provisions would increase the General Fund cost of the Medicare program approximately \$2.4 million. "As I have stated many times recently, with the current downturn in state revenues, it is neither prudent nor appropriate to embark on a new or expanded program at this time". Well, I hardly think the medical vendor payments are a new program and I want to establish this right now that no matter whether the state picks this up, this \$2.4 million, or whether it is picked up from property tax at the county level, it is going to be paid, as no money can be saved. It is a billing that will take place. It is all set. There is no way you are going to save any money. The only thing you are going to do is to determine whether it comes out of the state income tax or whether it comes out of the property tax. This business of talking about saving money or expanding programs is baloney. Now I want to get back to my pet peeve and I don't know how many of you agree with me on this but I am going to bring it up one more time anyhow and that is the fact that we roused the local subdivisions of government when we refunded the seventy million dollars out of an approximately two million dollars in interest and I know that many of you've said, "Well, this money is all spent" and all that kind of poppycock, but if you will look at the backside of today's agenda at the amount of money that was on hand, it was back in November I

believe, before we ever even knew we couldn't pay back the \$70 million as was promised. So that interest was accumulated by the State of Nebraska. There is no doubt about it. The money would have been paid out in those equal payments from December on and I think it is a shame that we gyped the local governments out of this interest. It should have been theirs. This bill now is the only chance we have, and probably not the best chance, we should have put it onto the \$70 million before it was paid out, and I had an amendment to that effect at one time, if you remember it. So the best thing we could do now is to turn it back to those local taxpayers and it is direct relief to property tax and only a small amount would have to be added from the general fund in order to make that payment of \$2.4 million. One other thing about 39 that came up, Senator Koch had an amendment to change the three year program to one. I accepted that as a compromise. I think it was a good compromise because many of you have mentioned that we are going to have to face up to some new problems apparently with the Reagan administration's cuts in federal funding. That does not affect us very much this first year and that is the reason I think we should override the Governor on 39 this year so that some relief before the lightning strikes could be obtained by the counties and turned back for property tax relief. This is the only bill this year that is before us that has any chance at all of providing property tax relief to the local government, the only one. We have goofed up all the rest of them, rightly or wrongly, but this is the only one that will have anything to do with property tax relief and this is not a very big chunk, I will admit. I feel the state can afford this funding, as I mentioned before, in view of the interest accumulated and the small amount of money that really is involved. Some of you have, at least, Senator Remmers mentioned to me a bit ago that he was afraid that this would be outside of the lid for the counties so that they could spend this extra money for anything they pleased. This is not true. They are right under exactly the same lid whether you pass this bill or not. They can only spend the seven percent. What it does do is relieve the taxes on the local level because the money will come from the sales-income tax from the state rather than from the property tax in the county. That is the benefit that I am talking about. Every county will benefit in one way or another, and some in lesser degree and some in more amount, larger amount. I believe, if we wanted to get specific about the rural-urban situation as many times we have argued, that the cities are going to fare a little bit better than the rural areas on this particular issue. So I hope the Senators from Lincoln and Omaha will realize this. I am sure that you have all

been contacted at one time or another by the county officials in your counties and I hope they have done their job and have convinced you that they are sincere about wanting this type of relief from the medical vendor payments and I could argue another hour on why I think those counties shouldn't be paying any medical vendor payments but this morning we are talking about the override only for one year for \$2.4 million. Ladies and gentlemen of the Legislature, I know that we are up against a toughie because it is going to be hard to override the Governor but I believe this is the bill that we should do it on and I believe we have a chance. Thank you.

SPEAKER MARVEL: Senator Koch, do you wish to be recognized on this motion?

SENATOR KOCH: Thank you, Mr. Chairman. I am going to support the override, and as it was mentioned by Senator Kahle, I placed the motion up there to provide one year only and I will restate the position that I argued earlier, was that the counties, they have no way of control. They just have to pay and the least we can do is try to diminish that cost, particularly with the fact they are going to live under severe limitations and the people that they serve, their needs are not going to diminish regardless of what our feeling may be. But having just looked at the vote on LB 12 recorded in the Journal on page 2025, I am terribly discouraged. Having been a former teacher and taught political science, we used to deal with principles, ideals, and occasionally we would look at practices, and I can't help but think about the recent article in the Lincoln Journal editorially where he talked about this body's inconsistency. I can't believe that 44 people put their names in print the other day and said, "Yes, we send a message. This is reasonable." And the other day also on 39 quite a number put their signature on that, "Yes" and "No", and that is a record, and so I ask you one more time to put your name on the record and maintain a position you thought was appropriate not too long ago. I cannot understand how people in this body can vote one day one way and in a matter of twenty-four hours obviously somebody has whipped them and they change their position which is so drastic I really don't understand this. I have been here seven years and I cannot nor have I ever seen such a behavior in terms of the integrity and you wonder why the people thinks this body has no ethics. All they have to do is take the Journal. They are taking the wrong magazine. They ought to get this Journal in their homes and they ought to read the records of how we vote. The least you can be is be

consistent. Those who vote nay, I respect them. Those who vote aye, and then nay, I have very little respect for. The only one thing a person has and that is their honor, and to me when I cast a vote on money bills, I am going to stay on those money bills in spite of what I think the mentality of the public is, in spite of what I think that somebody thinks, and if I ever get beat, if I run again, I can walk away from this place and tell you one thing, that no one ever put me in a corner and forced me to cower and kiss their boot. I ask you to support the override of LB 39.

SPEAKER MARVEL: Senator Newell.

SENATOR NEWELL: Mr. President, members of the Legislature, I rise to support the override of LB 39 and I would like to make my arguments succinct but to the point. Basically I have talked to a number of people in this body and I have talked to the Governor's staff and the Governor felt that one of the two...or the Governor's staff indicated that one of the two of these overrides, either 12 or 39, would pass and that wouldn't be such a terrible problem. They absolutely did not want both of them to pass because there might have had to be an income tax increase if that happened. There is not likely to be an income tax increase if 39 passes since we have not voted to override anything else this session. Now let me talk about the merits of this issue. (A), the counties have a pass through. They have to pay sixteen percent of the cost, no matter what. It is just great straight pass through. They have no ability to determine who gets on, who gets relief. They do not control the program. They say...the law says they administer the program. Anybody that knows anything about this program knows full well that administration means that they get to hire the Director and that is it. The regulations are state and federal regulations. The costs are state and federal with a certain percentage pass through of the counties. They have no ability to reduce the cost in any way, no ability. Now let me make one other point. This is the only thing that is going...that we even have a chance to pass this year that is going to provide property tax relief. It is the only thing that will provide for property tax relief. It is the only thing left. With the seven percent lid we ought to be about doing more than this very meager \$2.5 million cost. Frankly, the Legislature would be absolutely pitiful if we don't do at least this. It will create no income tax increase. In fact, it is the only fair thing to do. The counties have no ability to control this program or its cost. We do not know what is going to happen on the

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LB 39

federal level. Most states in the Union have, in fact, reduced and do not have county share, any county share. We have one of the highest county shares of any state of the Union. Well, frankly, this is an archaic system that we have. It deserves to be reduced. Frankly this is modest. I was mad at Martin when he reduced it to a two year proposal and only reduced it two percent. At this point in time at least we ought to be able to override this very modest request by the people of the state for some property tax relief. I wholeheartedly urge this Legislature to do at this late hour the only responsible thing they can do and that is to override the Governor's veto.

SPEAKER MARVEL: Senator Vard Johnson, and then Senator Vickers.

SENATOR V. JOHNSON: Mr. Speaker, members of the body, as I rise to speak, I ask myself, is there anything I can say that would cause members in this body to say, "We will override this veto". And it is difficult to know what can be said that will be persuasive to my fellow members and to my colleagues to cause each of us to decide we are going to override this veto. But the one thing that seems important to me is this. To whom do you and I answer? You and I answer to an electorate and that means that we answer to those 32,000 people in our district who want us to do as good a job as we can do in governing this state. Now you and I well know that governing is a fairly delicate operation. Frankly most citizens are basically anarchist at heart. Most citizens would prefer to have no government whatsoever so long as life was good for them. And as government intrudes and encroaches, they begin to resent government more and more and more but the one place, the one place right now which is truly the sticking point in the minds of our citizenry is the property tax. It doesn't make any difference whether you come from Omaha, which has the highest property tax per capita in the State of Nebraska, or you come from Farnam, which may have a high property tax but it is much smaller than that in Omaha. The truth of the matter is virtually every citizen resents the way we now require citizens to carry the property tax load in this state, and it seems to me that if we are not to inherit the whirlwind, so to speak, of citizen resentment in our inability to come up with a respectable and responsible tax structure, the least that we can do is to continue to keep our eye on the ball to provide some form of property tax relief. Senator Peterson, for example, has always been a supporter of a one-third,

one-third, one-third tax system, one-third income tax, one-third sales tax, and one-third property tax. Well, right now our property tax system is way out of kilter in relationship to our sales and income tax. In fact, approximately fifty-five percent of all government in this state is supported by the property tax. This measure that Senator Kahle has advanced very faithfully, very doggedly, year in and year out, is an incremental measure designed to provide more and more property tax to our citizens, property tax relief to our citizens. I would encourage you, I would hope you would see fit to muster the thirty votes to really do what is right, and what is right simply is to continue to find ways of reducing the property tax load in this state. Yesterday we amended the lid law, LB 352, and we amended it in one very small way, and that is to make federal receipts now a part of the lid. Now you and I know what is going to happen with federal receipts. They are going to decline, and as they decline, our local governments are going to feel compelled to pick up some of that loss, and when they pick it up, they will pick it up in their primary revenue source which is the property tax. So property tax expenditures will rise. It is only fitting that we at least reduce property tax load on this end so there could be some possible offset, and as we do that, we at least will maybe keep from inheriting the whirlwind, so to speak, of a bona fide populace fundamental taxpayer revolt. I certainly urge you to vote for the override.

SPEAKER MARVEL: Senator Vickers, and then Senator Warner, and then Senator Nichol. Senator Vickers.

SENATOR VICKERS: Mr. President and members, I, too, rise to support the override of LB 39. As has been pointed out many times on this floor, the entire tax burden of the people of the State of Nebraska needs to be taken into consideration by the members of this Legislature, not just the tax burden that they might pay for sales and income taxes. My constituents and I think the majority of the people of the State of Nebraska are willing to pay property taxes for those things that they can see a direct correlation to their property for. I think Senator Kahle has brought out a real good issue with LB 39. The Medicaid costs that property taxpayers are being asked to bear obviously have no correlation back to the property that pays the taxes. I thought it was interesting when I read the Governor's message, the veto message on LB 39. He made two statements that I think need to be repeated and that we need to examine. First of all, there is one sentence that says,

"As I have stated many times recently, with the current downturn in state revenues, it is neither prudent nor appropriate to embark on new or expanded programs at this time." Now there are two things, glaring things wrong with that sentence. First of all as Senator Kahle pointed out, this is not a new program or an expanded program. The second thing is we just passed a bill not too long ago that is going to embark us on an entirely new program, one that we have debated for the last three years in here on, one that is very controversial in this state, and, of course, that is for the vet college. The Governor had no hesitation in signing that. I think it is rather strange. I think there is some lack of consistency here somehow. The other thing that I think we need to look at is the last sentence that says, "I believe that our overall property tax relief efforts have been commendable." Well, all I can say is the Governor is obviously not paying property taxes on the mansion. Maybe the way to make the Governor of the State of Nebraska realize that property taxes, even though we don't levy them from the state level any more, are still some of the responsibilities that we should look at is to cause the Governor to pay property taxes on the house that he lives in. Maybe if the property taxes were paid on the mansion by the Governor of this state, then the property taxpayers' burdens would be felt a little more closely to home. I don't think our efforts have been that commendable as far as property taxes are concerned and I certainly, I certainly urge this body, to vote to override the Governor. As Senator Koch pointed out a little bit ago, I think we are whistling in the wind. I watched the votes in this body, also, Senator Koch. I saw amendments adopted and fifteen minutes later saw amendments taken back off and I know that their votes were here the other day but I think that we all recognize that there has been some strings pulled from outside those glass doors and those votes are not there any more. But I think that the public is watching and the public can read as well as anybody else, and those that vote aye one time and vote nay another time will be recognized. Thank you, Mr. President.

SENATOR NICHOL PRESIDING

SENATOR NICHOL: Senator Jerome Warner.

SENATOR WARNER: Thank you, Mr. President. Members of the Legislature, I rise to support my position on LB 39 which was that it should not be enacted. Those that have spoke of property tax relief, I would suggest probably that is

a good policy and philosophy. However, it won't occur on this bill I would venture to guess because I suspect that this two and a half million across the state will still be levied up to the seven percent permitted lid and used for some other purpose than what it currently is. I don't believe that you can find any property tax relief per se from this bill because the money will be raised for some other purpose other than what it is going for now. But my basic reason for opposition is the same all the way across, one is for the total cost, \$2,374,000, but more significantly, I am opposed to the enactment at this time because of the known federal changes that will probably take effect. It has already been pointed out that the counties pay sixteen percent of the total cost which is correct. But should the lid be put on Medicaid that has been discussed, should we have block grants in this whole area with twenty-five percent reduction, it is inevitable but what there will be significant adjustments to be made next session by the state for Medicaid as well as other welfare payments and I think it is ill-advised to pick up this additional cost at this point, but rather we should hold off until next year when the total review of this whole issue will be before us and I think we should not bind the Legislature or bind the state for this \$2.4 million, nearly \$2.4 million this year, another \$2.4 million next year, plus all of the increase that we probably will otherwise have. So I believe that this bill should not be enacted. I've felt that way from the beginning and I would trust that the veto would be sustained.

SENATOR NICHOL: Senator Barrett.

SENATOR BARRETT: The question.

SENATOR NICHOL: The question has been called and there is nobody else to talk so I guess we won't have to go through that. Thank you, Senator Barrett, anyway. Senator Kahle, would you like to close please?

SENATOR KAHLE: Mr. President, members, I would like to have a Call of the House before I close.

SENATOR NICHOL: The question is, shall the House go under Call. All those in favor vote aye, opposed nay.

CLERK: Senator Nichol voting yes.

SENATOR NICHOL: Record, please.

CLERK: 14 ayes, 1 nay to go under Call, Mr. President.

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LB 39

SENATOR NICHOL: The House is under Call. Will you all please take your seat? Sergeant at Arms, will you please gather in the fold? All unlicensed personnel please leave the floor. The only two excused ones are Chambers and DeCamp. As soon as we get this vote taken, we will let you adjourn for lunch...I should say recess for lunch and would you please light up your light as soon as you return to your desk, please? Senator Pirsch, would you light up your light please? Senator Koch, would you check in please? Senator Schmit and DeCamp, please check in. We are ready to go. Senator Kahle, did you want a roll call vote when you are finished?

SENATOR KAHLE: We will try the Board first and see how we come out.

SENATOR NICHOL: Okay.

SENATOR KAHLE: I will proceed, if it is all right with you, Mr. President. First I am rather surprised at Senator Warner saying that it will not...they will spend that money for something else. That is impossible because they are still under the seven percent lid and anything that comes in from the state will still be counted against the seven percent lid. The only thing that it does is relieve property tax. There is no other way they can go and I want to make that point first. He said it wouldn't help the counties much. If the Lincoln Journal was correct yesterday, and they had figures from Lancaster County, Lancaster County would receive \$700,000. I don't have the figures for Douglas County but I think it is over a million. So it will make a great deal of difference to those counties as well as the smaller counties. It isn't a big deal, I will admit that. It isn't as much tax relief as I would like to see but it is the only thing we have left this year and it is the only thing that goes in that direction. I think everything else has been said on this issue. We have talked about it every year since I have been down here. I think the new Senators that came in this year have been indoctrinated, either by their county boards or by us as we spoke about it. Somebody mentioned a bit ago that the speech I gave awhile ago probably didn't convince anybody. I don't doubt that one bit. I think that all we want to do is to bring out the facts, the facts that Senator Newell stated that we are one of the few states that even has any part of it paid by the counties, of the cost paid by the counties. We cannot control the program at the county level which was also brought out but today we are going for one year and one year only, trying to go from sixteen percent to fourteen percent. Even with those

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LB 39, 39A

reductions in percentages that the counties pay, everyone that I know of has had an increase of over seven percent each year. So that money that they have put into this part of the medical vendor payments has had to come out of some other part of their budget. Now if we do not put this \$2.4 million into the program, it is certainly going to curtail many, many of the programs in the county, that they are going to have to use their road money and other money to make up that difference. I plead with you, vote your conscience but don't vote your politics. Thank you.

SENATOR NICHOL: The question is, shall the Governor's veto be overridden on LB 39? All those in favor vote aye, opposed nay.

CLERK: Senator Nichol voting yes.

SENATOR NICHOL: Have you all voted? Senator Kahle.

SENATOR KAHLE: Mr. Speaker, to save time as it is 12:04 p.m., let's have a roll call vote and have it over with.

SENATOR NICHOL: Mr. Clerk.

CLERK: (Roll call vote taken. See page 2318, Legislative Journal.)

SENATOR NICHOL: Mr. Clerk, do you have anything? I guess we will wait for the count. Mr. Clerk.

CLERK: 30 ayes, 18 nays, Mr. President, on the motion to override.

SENATOR NICHOL: The Governor's veto is overridden. We are going to go on the A bill next, Mr. Clerk.

CLERK: Mr. President, Senator Kahle would move that LB 39A become law notwithstanding the objections of the Governor.

SENATOR NICHOL: Did you want to say something on this, Senator Kahle? We are taking up the A bill. Did you wish to say anything?

SENATOR KAHLE: Mr. President, members, I move that we also advance the A bill for the same reasons we advanced the other bill. Thank you. Wrong statement...override.

SENATOR NICHOL: The question is, shall LB 39A be overridden, shall the Governor's veto be overridden on 39A? All those in

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LB 12, 39, 39A

RECESS

PRESIDENT: The Legislature will come to order. Register your presence. Record the presence.

CLERK: There is a quorum present, Mr. President.

PRESIDENT: All right, do you have some matters to get into the record or what is the first order of business, Mr. Clerk?

CLERK: Mr. President, I do have letters and a certificate that needs to be signed by the presiding officer certifying the passage of LB 39 and LB 39A notwithstanding the objection of the Governor.

PRESIDENT: Okay, as presiding officer I shall sign these certificates while the Legislature is in session and capable of doing business. Yes, the Chair recognizes Senator Warner.

SENATOR WARNER: I did not understand the bill numbers that you are signing.

PRESIDENT: 39 and 39A.

SENATOR WARNER: If I was to make a motion relative to 39, is now the time to do it yet?

PRESIDENT: Well, I suppose you could, yes.

SENATOR WARNER: There is nothing signed (interruption)

PRESIDENT: Well it has not gone off the desk here.

SENATOR WARNER: Well I have a motion to reconsider LB 12 filed. I could not file the one on LB 39 as I was not on the prevailing side but I was on LB 12 and the only way I could bring up what I want to bring up is to file the motion. I did because that is the only motion I am eligible to do.

PRESIDENT: Okay, there is a motion. Why don't we just take up the motion and see what it is. Motion on the desk. Read the motion.

CLERK: Mr. President, Senator Warner would move to reconsider the override motion on LB 12.

PRESIDENT: The Chair recognizes Senator Warner.

SENATOR WARNER: Mr. President, I am sorry to bring this up again in a sense but some things that were said on LB 39 over the noon hour I have thought about and I am moving to reconsider LB 12 but it is on a condition that I would otherwise withdraw and that is that someone who voted on the prevailing side of LB 39 which was to override would indicate that they were willing to reconsider that and not override that. The basis for my thinking in part was some discussion that took place on LB 39 which one of the members indicated, incidentally, I have not talked to anyone on what I am proposing here, but one of the members indicated there was only concern from apparently the Governor's staff that both bills would not be overridden and I got the implication at least if one was that it wouldn't be all that bad. Now if that is correct then I would suggest that the wrong bill was overridden and the wrong bill was sustained because there is no tax relief out of LB 39 as was indicated that if it was not passed it would mean some programs and services would have to be cut at the local level for the county to pay their Medicaid bill but if it is passed they would still have that money to spend for other programs. So there obviously is no reduction in taxes. Whereas in the case of LB 12 there is a reduction in taxes, at least 4 dollars net taxes or 3 dollars less total taxes per person so that is clearcut tax relief or tax reduction. So what I am attempting to do without having visited with anyone is to inquire if there is anyone who voted for the override on LB 39 that would be willing to make the motion to reconsider and, secondly, if so, if they would be willing to offer that motion ahead of the reconsideration motion of LB 12 and then I would pledge to personally support 12 and its override and I would hope that 39 would not be overridden. Now maybe the Legislature feels that it has made its decision and that is that and that is all well and good but if it was correct that one could have been overridden then I feel very strongly we did the wrong one. So I will pause for a moment, Mr. President, if anybody would push their button to indicate they would be willing to do a reconsideration. Otherwise I will ask to withdraw my motion.

PRESIDENT: All right, if someone wants to they can speak to the issue and let you know. Is that what you want done? You want to somebody to tell you they will do it. All right. Mr. Clerk, maybe we could advise the body, those that are coming in, what motion is before the House. Yes, Senator Lamb. The Chair recognizes Senator Lamb.

SENATOR LAMB: I believe that we should just continue the schedule since there is no motion before the body at this point.

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LB 12, 39

PRESIDENT: There is a motion before the House. Senator Warner is addressing the motion. We are waiting to see if anybody will respond to his question. If, in a very short period of time no one responds, I understand he is going to withdraw the motion for the time being at least.

SENATOR LAMB: Time is up.

PRESIDENT: Senator Warner.

SENATOR WARNER: I'm sorry. There is no motion. Mr. President, was there any motion, or anyone acknowledge their willingness to make a motion on 39? If there was not, I will withdraw the motion. I don't want to take time.

PRESIDENT: Senator Newell.

SENATOR NEWELL: Mr. President, I appreciate very much what Senator Warner has said and I would only say publicly what I told Senator Warner privately, that we have one, we have 39. I hate to admit this but the food tax credit was pretty weak as I recall it. I just happen to have the vote right here, not that I pay attention to those things but there was only 23 votes for the override of the food tax credit. My father once taught me, he wasn't a real good hunter, but he taught me a bird in the hand is better than two in the bush or anything in the bush so I think at this point in time I appreciate Senator Warner's concern. I would sure like to bring back 12 and get that overridden but not at the expense of losing 39 at the same time, so, thank you anyway, Jerry.

PRESIDENT: Senator Marsh.

SENATOR MARSH: Mr. President and members of the Legislature, I voted on the affirmative side of 39. I would like to see a reconsideration of 12 first. I will make a reconsideration of 39 if we pass 12. I don't want to lose both and I would remind the members of this body that there are more dollars in 12 that will go into each constituent's pocket. So each individual will be aware. I need to know if there is support for a reconsideration for 12. I cannot make the motion. I was on the losing side.

PRESIDENT: Only Senator Warner can make that motion. As I understand, there is no motion before the House. So we are talking about to no motion and unless somebody makes a motion I am going to go ahead with the business of the afternoon. Senator Warner.

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LB 39. 39A, 234A

SENATOR WARNER: Mr. President, I will withdraw the motion. I helped vote to make the mistake on the first one, I did not make a mistake on the second one, but I think that without question there is no tax relief out of what we have done so I will just acknowledge my mistake and let it go at that.

PRESIDENT: Okay. Mr. Clerk, we are ready then for...yes, and I have now for the record, I have signed a certificate showing that LB 39 has been, having been returned by the Governor, after a reconsideration having been passed by the Legislature by a constitutional majority and has become law this 27th day of May, 1981, and the same for LB 39A, having passed the Legislature by a constitutional majority and been returned by the Governor has become law this 27th day of May, 1981, and I have so certified on both 39 and 39A.

CLERK: Mr. President, I have a new resolution to read in if I may.

PRESIDENT: All right, go ahead and read it in.

CLERK: (Read LB 190 by title. See page 2321 of the Legislative Journal.) That will be laid over pursuant to our rules, Mr. President.

PRESIDENT: All right, read the motion.

CLERK: Mr. President, the first motion I have is on 234A. It is offered by Senator DeCamp. Senator DeCamp would move to return the bill for a specific amendment. (Read DeCamp amendment as found on page 2321 of the Journal.)

PRESIDENT: The Chair recognizes Senator DeCamp.

SENATOR DeCAMP: Mr. President, when we took the money, the extra ten dollar Workmen's comp increase out of 234 we have to correct the A bill. This corrects the A bill. This saves money.

PRESIDENT: Okay, Senator Newell, did you have a question or is your light just on? You are just testing again for the afternoon, all right. Okay, any further discussion? The question is the adoption of the DeCamp amendment to LB 234A. All those in favor vote aye, opposed nay. This is for the return of LB 234A. Motion is to return. Record the vote.

CLERK: 26 ayes, 1 nay on the motion to return the bill, Mr. President.

PRESIDENT: The motion carries. LB 234A is returned. We are ready for the DeCamp motion. Senator DeCamp.

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LB 39, 39A, 411, 544

Mr. President, Senator Vickers offers a rules change. That will be referred to the Rules Committee. (See page 2329 of the Legislative Journal.)

Mr. President, I have in my possession letters as well as accompanying certificates from the Secretary of State regarding receipt of LB 39 and LB 39A. Both will be inserted in the Journal, Mr. President. (See pages 2330-2332 of the Legislative Journal.)

Mr. President, Senator Dworak would now move LB 544 to Select File for a specific amendment.

PRESIDENT: The Chair recognizes Senator Dworak.

SENATOR DWORAK: Mr. Speaker, based on the previous discussion with Senator Cullan and Senator Marvel's inclination I ask unanimous consent to withdraw this amendment.

PRESIDENT: All right, the amendment is withdrawn. Thank you, Senator Dworak. That takes care of...anything further on LB 544? Well then it just remains where it is. There is no motion to return so we will go on to the next one which is LB 411.

CLERK: Mr. President, Senator Hoagland would move to return LB 411 to Select File for a specific amendment. (See pages 2332-2334 of the Legislative Journal.)

PRESIDENT: The Chair recognizes Senator Hoagland.

SENATOR HOAGLAND: Mr. President and colleagues, you will remember that last night between 8:15 and 8:30 p.m. LB 411 came up. It is Senator Sieck's bill and Senator Sieck was off the floor and Senator Landis handled the bill for Senator Sieck and we worked out an amendment which incorporated Senator Sieck's amendment and made one other change but we were unable to get the amendment up here in time to have it attached and Senator Landis indicated that we would offer that today. Now what this amendment does basically is it does away with the requirement in Nebraska law that a motion for new trial necessarily be presented to trial court as a prerequisite to appealing a case and in doing that it makes Nebraska procedure consistent with that of the federal courts in many other states around the country and does away with a relatively antiquated rule in Nebraska that a lot of trial lawyers feel is unnecessary, going back within ten days to the trial court to remind him of all those same areas you reminded him of during the trial and that he turned down and relieves trial lawyers of that burden, relieves the courts of necessarily having to consider motions