

out of the general fund today, why we'd all be working at it. Well I'm telling you, this is a \$50 million minimum savings over the not too distant future. Anyone that has doubts I can take and show you, show you the cases, names crossed out but you won't have any doubt once you read them what is going on. This needs to be done. I urge you to do it because remember this final fact. Insurance companies are simply an agency for collecting a lot of money and paying it out. They are going to always collect long-term, whether it is two, three, five years more, that is their profit, than they pay out. If they are paying out \$50 million fraudulently they're going to collect \$50 million fraudulently from everybody in the state and that is what is occurring. This is a major savings in cost containment for the state. It will help in your medical insurance. It will help in the overall medical costs. I urge you to adopt it.

SENATOR CLARK: The question before the House is the advancement of 421. All those in favor vote aye. All those opposed vote nay.

CLERK: Senator Clark voting yes.

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

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

SENATOR CLARK: The Chair declares the bill advanced. The Clerk wants to read some things in.

CLERK: Mr. President, new bills, LB 775 (read title); LB 776 (read title); LB 777 (read title); LB 778 (read title); LB 779 (read title); LB 780 (read title); LB 781 (read title); LB 782 (read title); LB 783 (read title); LB 784 (read title); LB 785 (read title); LB 786 (read title); LB 787 (read title); LB 788 (read title); LB 789 (read title). (See pages 234-238, Legislative Journal.)

Mr. President, I have notice of hearing by the Public Works Committee for gubernatorial appointments. I also have notice of hearing by the Public Works Committee for bills for Wednesday, January 20, and Wednesday, Thursday and Friday of next week. I have notice of hearing for Judiciary Committee for January 19.

Mr. President, Senator Marsh asks unanimous consent to print amendments to LB 139 in the Legislative Journal.

Mr. President, your committee on Constitutional Revision and

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LR 215, 230
LB 304, 139, 139A, 456, 685,
686, 710, 786, 830, 834, 835,
884, 906, 936, 962

(Read record vote found on pages 853 and 854, Legislative Journal.) 28 ayes, 15 nays on the adoption of the resolution, Mr. President.

SPEAKER MARVEL: Motion is carried. The resolution is adopted. The Clerk has a couple of items to read into the record and then we will proceed with LB 304 on the agenda.

CLERK: Mr. President, your Committee on Education whose Chairman is Senator Koch instructs me to report LB 710 advanced to General File with committee amendments attached. That is signed by Senator Koch. (See page 854 of the Legislative Journal.) Your Committee on Ag and Environment reports LB 786 advanced to General File, and 962 advanced to General File, both signed by Senator Schmit as Chair. Senator Schmit would like to print amendments to LB 686 in the Journal; Senator DeCamp to print amendments to LB 936. (See pages 854 through 861.)

Mr. President, I have a report of Registered Lobbyists for the week of February 19 through February 24.

Your Committee on Public Health reports LB 456 advanced to General File with committee amendments attached; 835 to General File with committee amendments attached; 830 indefinitely postponed; 884 indefinitely postponed; 906 indefinitely postponed. (See pages 861 through 866 of the Legislative Journal.)

New resolution, LR 230 by Senator Wesely. (Read LR 230 as found on page 867 of the Legislative Journal.) That will be laid over, Mr. President.

Mr. President, LB 685, 834, 139 and 139A 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 engrossed LB 685, engrossed LB 834, re-engrossed LB 139, engrossed LB 139A. Now we are going to read the motion on LB 304.

CLERK: Mr. President, I have a motion from Senators Carsten and Warner to return LB 304 to Select File for a specific amendment. The amendment would read as follows: (Read the Carsten-Warner amendment.)

SPEAKER MARVEL: I failed to do one thing and I will do that and then we will come back to this. Senator Nichol asked for a short Exec Session of the Judiciary Committee

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LB 786, 892

SPEAKER MARVEL: Okay, the motion is to advance the bill. All those in favor of that motion vote aye, opposed vote no. Senator Beutler. Have you all voted? Record the vote.

CLERK: 25 ayes, 0 nays, Mr. President, on the motion to advance the bill.

SPEAKER MARVEL: The motion is carried. The bill is advanced. What is the next bill? The next bill is LB 892.

CLERK: LB 892 offered by Senator Haberman. (Read title.) The bill was read on January 19, referred to the Education Committee. The bill was advanced to General File, Mr. President. I have no amendments on the bill.

SPEAKER MARVEL: The Chair recognizes Senator Haberman.

SENATOR HABERMAN: Mr. President and members of the Legislature, with all the problems that I have been having with a couple of simple little amendments I don't know what is going to happen to a bill like this. But it is a non-controversial bill. It is a clean-up bill. Legislation was passed last year that allowed all the school districts to meet on or before the third Monday of each month. However, there was an old law on the books requiring class redistrict boards to meet on or before the second month. That should have been repealed, but it was overlooked. So the only thing that this bill does is says that Class III schools will meet at the same time as all the rest of the school districts which will be on or before the third Monday of each month. I won't belabor it with the letters of support. There was nobody against it. I have heard no people talk against it. I would ask for the advancement of 892.

SPEAKER MARVEL: The motion is the advancement of the bill. All those in favor of the motion vote aye, opposed vote no. Have you all voted? Record the vote.

CLERK: 28 ayes, 0 nays, Mr. President, on the motion to advance the bill.

SPEAKER MARVEL: The motion is carried. The bill is advanced. Okay, next item, 786.

CLERK: Mr. President, LB 786 offered by Senator Schmit. (Read title.) The bill was read on January 12th, referred to the Ag and Environment Committee for hearing. The bill was advanced to General File, Mr. President. I have several motions on the bill.

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LB 786

SPEAKER MARVEL: Senator Schmit, do you want to explain the bill?

SENATOR SCHMIT: Yes, Mr. President, members of the Legislature, I would like to explain the bill. The bill was introduced by myself and I have several changes in the bill that impact upon the Wheat Checkoff Board of the State of Nebraska. First of all, on page 2 it removes the Director of Agriculture as an ex officio member who does not now have a vote from the committee. At the present time the director does serve on there. He serves there strictly as advisory capacity and does not have a vote. We also provide for, in the past there has been a restriction and I would like to call your attention to this, on page 4 there has been a restriction that reads, the Wheat Development, Utilization and Marketing board shall not be authorized to set up research or development units or agencies of its own, but shall limit its activity to cooperation, and then it goes on with the Department of Agriculture, entities of agriculture at the University of Nebraska, other local, state and national organizations, public or private. The reason for this amendment is because the various commodity boards met with me last September 10th shortly after we had seen a dramatic decline in the value of all commodities in the State of Nebraska, discussed what they could do that might be of assistance in turning around the commodity prices. I want to point out that at time the drop in commodity prices had probably cost the State of Nebraska in excess of \$1 billion. Since that time the further decline has resulted in a cost of more than \$2 billion to Nebraska farmers. Now we are arguing in this body over \$15 million more or less of our budget, we are arguing over a total budget of \$730 to 50 million and yet Nebraska grain producers have lost more than \$2 billion... \$2 billion in purchasing power in the past six months or seven months of those commodities. The various commodity boards meeting in my office recommended to me that they felt it would be wise to pursue a policy where they could all join together and jointly construct an alcohol distillation plant. It is no secret to all of you that for years I have pursued that kind of a goal. It is also no secret that the financing of that sort of an operation is very difficult to come by. The process is by no means fool proof. The process is by no means a guaranteed solution to the ills of agriculture, nor I might add to the rest of the economy. But the members of the Checkoff Board, a majority of them at least of the various checkoff boards thought it would be a good idea to see if it were possible for them to do this, to use the funds collected through

checkoff programs. Now very frankly, at one time we passed a bill in this Legislature that provided for a checkoff to be used for the construction of an alcohol plant of grain funds. The Attorney General ruled that we could not do that. One of the presidents of one of the boards wrote the Attorney General and asked his opinion as to whether or not we could, or the Corn Board, the Wheat Board, the Milo Board, for example, could jointly construct an alcohol plant. It was the opinion of the Attorney General that this responsibility...this kind of an activity exceeded the authority that was granted by the Legislature, and so representatives of those boards asked me if I would amend the bill, amend the law so that they might have that authority. Now I will agree fully here that they could enter into other contracts and there are those who will say we will start many, many small research projects and they will expand and they will duplicate other efforts. I think we have responsible people on those boards. We have legislative supervision. I do not think we need to be worried about that. The principal point of this amendment is to allow the construction, if they so choose, of an alcohol plant by one or more of those commodity boards. Now at one time or another virtually every politician in the State of Nebraska who claims to have agricultural interests at heart has extolled the virtues of alcohol distillation as a source for the problems of not only the agricultural community but the entire State of Nebraska and the entire United States. But when it comes time to doing something concrete that might possibly remove some of the obstacles toward achieving that goal, the job has never been accomplished. If we were to allow this to happen, and they might decide not to, but if they chose to do so, under this amendment it would be possible for them to do so. And I think that it is a good amendment and one which expands the authority of the boards. I want to make it clear, it expands the authority of the boards to do something themselves rather than to contract, for example, with myself to do it and pay me for it. There are a number of reasons why it might be preferable for them to do it themselves. And the limited time that we have available here today, I do not want to go into it to that extent, but I want to point out that at the present time, at the present time those boards do not have the flexibility or the capability to do those things that they would like to do or that they have at least asked me if they could do. On page 6 it further outlines the fact that the boards may set up research for development agencies of its own. I think it is a good idea. I think there are areas where it is a fine line. It is fine line, for example, whether or not the Wheat Board can contract with someone to do a job or

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whether they hire that person. It is the same way with the Corn Development Board. They have an excellent program going in fructose development and promotion, but they must contract with someone else when in fact they might better be able to utilize the personnel, the expertise and the dollars if those persons were employed and directly answerable to them. There are differences of opinion on that, I would grant that. But I would just want to say that very frankly the programs I believe could be enhanced by giving them additional flexibility. Certainly no one would argue that the present state of the economy needs some kind of a boost, and I believe this would be helpful. I think that on page 8 also refers to additional language in regard to development units and research, and the same way is the language on page 10. I will tell you very frankly that existing farm organizations are opposed to the amendments. They are opposed to the bill. They would like to see the bill dead. I am a member of all of those organizations. I serve and have served, in fact, I was instrumental in organizing one of them more than 30 years ago. They have performed admirably and done well. I have no quarrel with them. I have to call attention...I skipped over one amendment. I want to call your attention to it. It allows them...I have stricken on page 6, I have stricken four words which says, "or to influence legislation". I want to tell you why I want to do that. Two years ago...more than two years ago when President Carter imposed an embargo on the grain sales to Russia, the various commodity boards sitting there with the expertise and the money available to actively oppose that embargo had their hands tied, could not take action to do that. Now the grower associations which are separate from the commodity boards could, in fact, have done so and did do so but they do not have the funds. I will tell you why. As a corn grower I contribute \$1000 average annually to the corn checkoff fund. I contribute \$35 or \$50, I forget what it is, as a member of the Cornrowers Association. Obviously, the Corn Checkoff Board has many kinds of funds.....

SPEAKER MARVEL: You have one minute.

SENATOR SCHMIT: Thank you Mr. President....has many kinds of funds available to them as do the grower organizations. The reason I believe it is important that the boards be allowed to actively influence legislation is this. Our principal area of problem is no longer the market place, is no longer the quality of seed, diseases of corn or milo or wheat. The principal problems emanate from Washington, and unless those of us in agriculture have the ability to oppose sometimes Presidential orders, sometimes Congressional

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action, sometimes other action coming out of there, we are not going to be able to survive as an entity. I think you have to remember the emphasis has shifted. We are excellent at production. We are poor at marketing and a part of that reason is because we do not have the ability to fight on an equal basis. Thank you, Mr. President.

SPEAKER MARVEL: The Clerk has some items on the desk which he will read.

CLERK: Mr. President, I have a series of motions on the bill. The first is offered by Senator Warner who....

SPEAKER MARVEL: Okay, the Chair recognizes Senator Cullan.

SENATOR CULLAN: Mr. President and members of the Legislature, it is unfortunate that Senator Warner could not be here on this motion. I was aware of Senator Warner's motion and I think Senator Vickers visited with Senator Warner about his motion as well. What his motion does is to reinstate language in the bill with respect to allowing a prohibition that has existed for many, many years with respect to the Nebraska Wheat Board so far as its setting up its own research or development units. It reinstates that language which prohibits the Wheat Board from operating its own research and development units and inserts... and takes out the language which this bill incorporates into the statutes which would allow them to set up their own research and development units and also to contract with the University of Nebraska or the Institute of Agricultural Natural Resources or other organizations. The real reason I think for this amendment is to prevent exactly what Senator Schmit is talking about, and that is to prevent these boards from investing their funds in their own research facilities or in their own gasohol plants, or their own facilities of any kind. I think that the function of these boards is to provide for research and marketing and I don't think that they can do that best by setting up their own structures. And I just really believe that we are going to have these funds spread so thin in the future if we allow them to set up and operate as independent agencies to operate their own research and development activities. With respect to gasohol, my record on gasohol, Senator Schmit, has been clear from the very, very beginning, and I'm one of the few people that voted against Senator Maresh's bill a couple of years ago. And I will tell you why. Because I don't think we need to put public money into it. I think if gasohol is going to be feasible, then it can be

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developed privately and I have stated that position on the floor of the Legislature many, many times. But I do not believe that checkoff dollars ought to be used to construct gasohol plants, and one of the reasons is the current situation that we see today. If you look at today's newspapers or watch the news today, you see that we have an oil glut in the United States, an oil glut worldwide. The Libyans are furious because they can't sell the oil that they have today.

SPEAKER MARVEL: Senator Cullan, you have one minute.

SENATOR CULLAN: And I guess that it's...I wonder, I have to question a little bit when those markets fluctuate so wildly whether it is wise of us to invest public dollars into that when private dollars are not being invested there today. If gasohol is fine, I think private money will take care of it and I don't think we need to put tax dollars into it. I would urge you to adopt the Warner motion.

SPEAKER MARVEL: Senator Kahle, do you wish to be recognized? We are almost finished with the time.

SENATOR KAHLE: Mr. Speaker and members, it is certainly not my intention to run out of time. I just have a...as I look at the bill and perhaps maybe a question of Senator Schmit, it does include the wheat checkoff, corn checkoff and the milo checkoff, does it not? He nods yes. I have always been an advocate of checkoffs and I am sorry, I guess, that we don't have better markets today, but we may have a poorer market if we didn't have the checkoffs. But I have, as Senator Cullan has mentioned, some misgivings about using that money for...certainly for gasohol plants at the present time, and I guess I am kind of concerned about these. I look at the committee statement where we have Ed Schrock, for instance, of the Cornrowers testifying for it and I know or think he is against this very thing of using the money for gasohol production. And, of course, we have the farmers organizations that are against it, at least some of them. So I guess I would resist at least part of the bill and perhaps it should be amended.

SPEAKER MARVEL: Okay, we turn to LB 962.

CLERK: LB 962 introduced by Senator Schmit, Hefner, VonMinden. (Read title.) The bill was read on January 19th. It was referred to Ag and Environment. The bill was advanced to General File, Mr. President. I have no amendments on the bill.

SPEAKER MARVEL: Senator Schmit.