

January 16, 1981

LR 5

Taiwan, and to answer Senator Wesely's question, is it going to make Red China unhappy? Are they going to call me or Senator Remmers naughty names for voting for it? I don't think so but they are going to be aware of the fact, they are going to be aware of the fact that this particular state which they have to rely on for agricultural products, too, isn't going to play the game of, we want to be your friend so we stab our old friend in the back. We will export grain to any of them and food, but not on terms of tit for tat, stab old friends for new friends. I urge you to support the resolution.

PRESIDENT: The question before the House is the adoption of LR 5. All those in favor vote aye, opposed nay. Have you all voted? Record the vote.

CLERK: 35 ayes, 3 nays on adoption of the resolution, Mr. President.

PRESIDENT: The motion carries. The resolution is adopted. Anything to be read in before we go into introduction of bills?

CLERK: Well one thing, Mr. President, your committee on Urban Affairs would like to have an executive session for Monday, January 19, 1981, upon adjournment.

Mr. President, your committee on Ag and Environment whose chairman is Senator Schmit gives notice of public hearing in Room 1520 for Friday, January 30. (See page 199 of the Legislative Journal.)

PRESIDENT: We are ready then for agenda item #5, introduction of new bills. Mr. Clerk, you may proceed with the reading of the new bills to be introduced today.

CLERK: Read title to LR 229-233 as found on pages 198-200 of the Legislative Journal. Mr. President, in conjunction with that bill we have a communication from the Governor advising the Legislature as to the intent of the bill and the supplemental appropriations required by various state programs. That will be inserted in the Legislative Journal. (See pages 203-204.)

Read title to LR 233-246 as found on pages 200-203 of the Legislative Journal.

Mr. President, your committee on Public Works gives notice of hearing for January 30 and February 6 and that is signed by Senator Kremer as chairman.

March 27, 1981

LB 535, 233, 245, 253, 278

CLERK: Mr. President, if I may right before that, Senator Lamb would like to print amendments to LB 245; Senator DeCamp to LB 253; Revenue reports LB 233 to General File with amendments and LB 278 to General File with amendments, (Signed) Senator Carsten, Chair. (See pages 1162-1163 of the Legislative Journal.)

Mr. President, LB 535 was offered by Senator Warner. (Read.) The bill was first read on January 29, referred to Constitutional Revision Committee. The bill was advanced to General File.

PRESIDENT: The Chair recognizes Senator Warner.

SENATOR WARNER: Mr. President, let me first tell you what LB 535 does not do. LB 535 does not put the issue of biennial sessions on the ballot. As a matter of fact, it has no reference to biennial sessions. What it does do is two other things. It would permit the Legislature during the odd session, adopt a biennial budget, which then could be amended, altered just as we would do a bill now in the even number years. Budgets are already submitted on a biennial basis. They have been that way forever and there is no change there. The provisions of the Constitution would permit us to do that portion if we wanted to now but I think it would, personally I support on a program basis, biennial budget so that you give an agency clear instructions as to a policy matter decided by the Legislature, those programs that should be expanded over the two year or reduced in its scope over a two year period. You still make annual adjustments for inflation or whatever other factors you want to affecting salaries so it makes no change there. It would require 33 votes to do the second year funding just as it requires 33 votes now for every budget bill so there is no impact there. The purpose is solely one, in my opinion, to permit the Legislature for a longer period of time to indicate to an agency the programs that they want to expand or the programs we want to reduce. That brings greater efficiency and orderliness. The second part of the amendment permits an A bill or funding for a new program to be extended as far out as four years and I would suggest that if you adopt that portion that you will go a long ways, in fact, you will eliminate the problem we have had since we went to annual sessions in that if you want to pass legislation that has incremental increases in funding, this would allow you to enact and authorize expenditure for up to a four year period with the incremental increase such as we have had in a number of areas would be spelled out into the budget, into the appropriations. It would then be automatically be considered by the Board of Equalization for setting rates. If you remember the problem we have had with

SENATOR NICHOL: The bill is advanced. We will advance to LB 233. Senator Schmit, are you handling that bill or, Senator Hefner? Senator Sieck.

CLERK: Mr. President, LB 233 offered by ... I guess it is offered by Senator Marsh, Schmit, Hefner, Peterson and Sieck. (Read title.) The bill was first read on January 16 last year, referred to Revenue for public hearing. The bill was advanced to General File, Mr. President. There are committee amendments pending by the Revenue Committee.

SENATOR NICHOL: Excuse me, Senator Sieck. Senator Carsten, are you handling the committee amendments?

SENATOR CARSTEN: Mr. President and members of the Legislature, as was the original bill that was presented to the Revenue Committee, contained an \$8 million figure for highway bonds in 1981. The committee in its deliberations then adopted an amendment to the bill striking that 8 and making it \$4 million and for the bonds to be issued in 1982 was the second thing rather than 1981 and third, change the appropriations for the '82-'83 fiscal year for projects to begin in 1983. The other thing that the committee did do was strike the emergency clause. Those are the four things that were in the committee amendments and I would move for the adoption of the committee amendments, Mr. President.

SENATOR NICHOL: Senator Hefner, did you wish to speak to the committee amendments? Senator Sieck, did you wish to speak to the committee amendments?

SENATOR SIECK: Yes, Mr. President, members of the body, I noticed the original bill is for \$8 million and now the committee amendments that came out of the committee with \$4 million earmarked for bonding for highway construction. I just want the body to know that to build a mile of highway costs \$500,000. So if we are talking about \$4 million it is only going to build eight miles and I felt the body should know this and make their decision. I have no feeling about the amendment itself but I feel that if we really want to go into bonding and build highways, \$4 million isn't going to give us very much money to do this and we maybe should consider the \$8 million. But I'm not going to tell you how I stand. I want you to make up your own mind in this particular area. But I felt that you should know what it does cost to build a mile of highway and that is \$500,000. Thank you.

SENATOR NICHOL: Senator Warner, did you wish to speak to the committee amendments? We're now voting on the committee amendments. All those...excuse me, Senator Carsten.

SENATOR CARSTEN: Excuse me. Mr. President and members of the Legislature, I want you to realize that the action of the committee was taken last year and the striking of the emergency clause was effective at that time and there may want to be some reconsideration of that emergency clause if they want it into this next fiscal year. I am not real sure about that but I only raise that question because it was action in the last session of the Legislature and with that is all that I have to add to the comments, Mr. President.

SENATOR NICHOL: Senator Carsten, would it be alright if we adopt the committee amendment and then come back to that E clause situation?

SENATOR CARSTEN: Yes. I would move for the adoption of the committee amendments then, Mr. President.

SENATOR NICHOL: We are now voting on the committee amendments of...excuse me, Senator Rumery, did you wish to speak to the committee amendments?

SENATOR RUMERY: Mr. President, members of the Legislature, where is this \$4 million to be spent? As Senator Sieck pointed out we will hardly get any road at all. What is the intention here of floating bonds for such a small mileage of paving?

SENATOR NICHOL: Senator Rumery, to whom were you addressing your question?

SENATOR RUMERY: Well, Senator Sieck or anybody who could answer.

SENATOR NICHOL: Senator Sieck.

SENATOR SIECK: When I explain the bill I will explain the amount of where we were talking about spending this money. Actually the Constitution says that we cannot put the money in a certain area. It is just when you talk about bonding it goes for the highway construction. No set place that we can say that the bill will go for a certain place but we have an issue within the State of Nebraska that we have to address ourselves to and I will talk about it.

SENATOR NICHOL: Would it be alright, Senator Rumery, if you ask him that question when we get on to the bill? Okay. Senator Newell, did you wish to speak to the amendment? Okay. Senator Cope, to the amendments? We are now voting on the committee amendments to LB 233E. All those in favor vote aye, opposed nay.

CLERK: Senator Nichol voting yes.

SENATOR NICHOL: Have you all voted? Record, Mr. Clerk.

CLERK: 32 ayes, 0 nays, Mr. President, on adoption of committee amendments.

SENATOR NICHOL: The committee amendments are adopted. Senator Carsten, did you want to address that E clause situation now?

SENATOR CARSTEN: I think we can do that at any point along in here. It is only a technical thing and we may want to address it a little later. I just wanted to alert the body to it, Mr. President.

SENATOR NICHOL: Thank you. Senator Sieck, you're going to handle the bill and I have these lights on to speak to the bill: Senators Hefner, Warner, Newell, Cope and Beutler. If you do not wish to speak to the bill itself please turn your light off. Thank you. Senator Sieck.

SENATOR SIECK: Mr. President, members of the body, I can see that we are pretty conservative by the vote here. We are not thinking of \$8 million, we're just thinking of \$4 million and we are only thinking about eight miles of highway. But I feel we have to address ourselves to a need in the State of Nebraska and some of the things that have been happening and I want to do this in this route. What LB 233 will do is authorize the issuance of bonds to be used for the construction of highways in this state. This will be done to improve our state highways where repair is badly needed and to make these highways safe for the citizens of this state. I recall many years ago this law was passed during Norbert Tiemann's reign of the State of Nebraska as he was Governor. Governor Exon felt that this was wrong and our present Governor feels this is wrong but I wish you would take a look at what is happening today. We have an economic drouth or a famine as you would call it in the construction business. I feel that if we could put some of these construction people to work we may get some highways improved even though we are paying a pretty good rate of interest on the money that we are borrowing over and above what it would cost us with interest in getting highway construction done cheaper and I feel that we should really be thinking about this. Okay, this bill as written is constitutional, sounds as it is. It simply appropriates the proceeds from such bonds to the highway cash fund of the Department of Roads. Though not earmarked especially for any one highway in this state for Constitutional reasons, the introducers of this bill introduced this proposal to

speed up the rate of reconstruction of U.S. Highway 81 in this state which is the Pan American Highway. Now the Pan American Highway as this road has been named, runs through the heart of the America continent from Canada to the lower tip of South America. This road carries a considerable amount, the north/south traffic, through our state and as you read in the news the other day, Columbia where we have a last stretch of this highway to be built between the southernmost tip of Argentina to Alaska is waiting for money from the United States Government to build this road through that area and once this is done it will be completed. The total route length of this highway in this state is 206.7 miles with a total annual vehicle miles of travel of approximately 200.5 mile, million miles in one year. For sake of comparison the total vehicle miles estimated for Highway 77 is 199.9 million miles. While U.S. Highway 281 are estimated at 130 million miles. Also Highway 81 has almost twice the amount of truck traffic, the other two north/south corridors that I have mentioned. The truck traffic miles on this road are estimated at 40.4 million miles annually which in reality means that trucks constitute two out of every ten vehicles you meet on this road. Now this just came about within the last few years. As we all know, Norfolk has developed a considerable amount of industry. Columbus has developed a lot of industry. Now York is developing it which shows the need of the truck traffic within this given area and I have heard comments that the truckers are real fearful of this road, yet that is the closest route. For the amount of traffic on this road U.S. Highway 81 is in very poor condition. The Transportation Advisory Committee was able to hear these problems from concerned people over the interim while studying LR 78. These people are actually scared or fearful to death of driving on this road. There is virtually no shoulder on sections of this road which gives you no place to go in case of car trouble. The committee heard various testimonies of close calls due to a car being parked on the edge of the road. Also the width of this road in many sections makes it frightful to meet a truck on this road. The "hog troughs", that's a new term, in this road also creates many problems when driving this road in the rain and I can assure you after the hearing I myself drove the road. Mr. Coolidge of the Highway-Department drove the road. A few days later they was out there planning the road to eliminate the hog troughs and what's happened when they do this? They make the pavement even thinner and it won't take too long and they will be right back again. Bonding, of course, is an unpopular idea at this time of high interest rates but what kind of price tag can we put on the lives of people in this state? I do say this with conviction because this road is extremely

dangerous and badly needs reconstruction. My constituents do support bonding. Now you have a letter on your desk, a news clipping from the Headliner (sic) out of Stromsburg. Now I can assure you this individual is a very conservative individual. He would be the last person I would expect to do something like this. Yet from the response of his people he feels the need of doing something to correct a situation that we have in that particular area. I have a whole file of correspondence on this issue in my office. I will read one such as, Mrs. Mark Larson from Stromsburg says, "I know money isn't easy to come by but this road needs serious consideration. There aren't any shoulders to pull over on it if you have a problem." She goes on to say, "I would like to ask you and your colleagues a question. How safe would you consider the members of your family if they had to travel this road once or twice a week?" Another lady, Mrs. Ruth Peterson whose front yard would be dug up to add shoulders to this road says, "The reconstruction is going to be very disruptive to say the least to our front yard and a good length of our fence line, however, even if one life, whether that of a family member or a total stranger ought to be worth saving." Now I can see where the Highway Department is going to have some easy work there because a lot of times it is very difficult to get land rights and here is a lady that wants this road built. There is probably no one in the community who is aware of the public pulse better than the newspaper editor. Now as I told you before, you have that copy on your desk and I would like to have you read it.

SENATOR NICHOL: One minute.

SENATOR SIECK: Highway 81 is a good example of why this bill is important to the safety of the people of this state. I want you to think seriously about the fear that these people are living in when you vote on the issue. Now I did get a letter just today from Mr. Coolidge and he assures me that they are going to do something on that road but we had that assurance many times before. Way back in 1970 they had it in the five year program. But I would like to be sure that this time it gets done and I would like your support on this bill to assure them that we mean what we say, we are willing to give them the money. Thank you.

SENATOR NICHOL: Senator Hefner.

SENATOR HEFNER: Mr. President, members of the body, I stand here today supporting this issue. I know that issuing highway bonds isn't too popular right at this time but I think some of our highways are in dire need of repair and rebuilding. I want to come from a little different angle than

Senator Sieck. I want to talk about the businesses that will be closed because of some highway construction. As most of you know the State Highway Department tries to repair and rebuild roads in their various regions. They allocate say, ten or twelve or fifteen or maybe even \$20 million to each region in the state. So that means that some of these roads that need to be rebuilt have to be rebuilt in sections, taking eight or ten mile sections at a time. This one project or maybe I should say these three projects that we are talking about on Highway 81, it would take approximately three construction years to accomplish this. Some of these businesses along this area would have to close or be restricted to business all three of these years. If we issue these bonds we feel then we could accomplish this in one year and I realize that the Legislature can't tie this to a specific construction area but I think we could work with the State Highway Department and accomplish this. Another reason why I feel we should issue some bonds at this particular time is that the bids are coming in 13% to 17% and I believe in one instance 20% lower than the engineer's, what he thought they should come in at and, therefore, I think that this would be a good time to at least start this program and maybe continue it in the years to come.

SENATOR NICHOL: Senator Newell. Senator Beutler, are you here?

SENATOR BEUTLER: Mr. Speaker, members of the Legislature, there are a couple of clarifications I would like to have to begin with, Senator Sieck or Senator Hefner, whoever.

SENATOR NICHOL: Senator Sieck, will you respond please.

SENATOR SIECK: Yes.

SENATOR BEUTLER: As I understand it, this highway construction is not going to be done with the normal appropriations but through the issuance of bonds and those bonds are going to be issued under a special section of the Nebraska Constitution which allows you to do that with a three-fifths vote of the members. Right?

SENATOR SIECK: I think that is right.

SENATOR BEUTLER: And then where are these bonds going to be paid from?

SENATOR SIECK: The taxpayers of the State of Nebraska will pay for the bonds.

SENATOR BEUTLER: Which fund will it come from?

SENATOR SIECK: The general fund.

SENATOR BEUTLER: Well, I think that is going to be one area of the bill that at the very least there's going to have to be some clarification because the Constitution prohibits it coming from the general fund and it has to come from a state revenue closely related to the use of the highways such as motor vehicle fuel taxes or motor vehicle license tax and fees.

SENATOR SIECK: We have a bond at the present time that is being paid off by the Highway Department. I stand corrected. This is correct. We have a bond. I think its got two or three years left to be paid, that is being paid off by funds created by the gas tax or whatever you have from the Highway Department fund.

SENATOR BEUTLER: Well maybe I am reading the bill wrong or overlooking something but I think as a minimum there's going to have to be something put into the bill designating which fund is going to be pledged to the payment of the bonds, otherwise you're never going to issue the bonds under this bill.

SENATOR SIECK: Does it say highway cash fund in the bill?

SENATOR BEUTLER: You are appropriating the money to the highway cash fund but it doesn't pledge the revenues of the highway cash fund in payment of the bonds. That's a technical problem and I think it does have to be cleared up but beyond that I do have some concern about why we are going the extraordinary route of creating state debts when this has not been our normal procedure in this state. We have normally gone on a cash and pay basis. I understand some of the arguments you have been making but I'm really not sure that it is good policy to begin this process. I guess I am making a comment rather than a question at this point, Senator Sieck. Thank you. But whereas it's true you can get good rates on construction at this particular point in time, it is also true that the interest rates on bonds are extremely high on this point in time and I think that before I would be inclined to support a bill of this nature I would certainly want to see some figures that would indicate that the savings as far as construction costs are concerned are more than the cost of the extremely high interest rate on bonds at this time. You know before there is any...there should be some showing I would think of savings in that regard. I have a number of other questions I think I will address to the introducers but I think

we should be extremely hesitant about approving this type of a bill. Thank you.

SENATOR NICHOL: Mr. Clerk, I would like to introduce a guest of Senator Howard Peterson from Grand Island, Nebraska, is Mr. Roger M. Bailey, vice-president of marketing of Bank Shares of Nebraska Inc. and he is also vice-chairman of the ETV Commission. Would you welcome Roger Bailey, please. Thank you. Mr. Clerk, you have an amendment.

CLERK: Mr. President, Senator Schmit would move to amend the bill by adding the emergency clause.

SENATOR NICHOL: Senator Schmit.

SENATOR SCHMIT: Mr. President and members of the Legislature, I would like to add the emergency clause to this bill if it's going to move because without the emergency clause it really is of very little value to us at this time. I think that we need the emergency clause. I would just like to say in support of the bill, a number of years ago I introduced the legislation which became law which allowed the state to enter into the issuance of bonds for the purpose of highway construction. I know that no Governor has ever recommended that we ever use those bonds but had we built highways seven, eight, nine years ago with bonding authority, we would have saved ourselves considerable sums of money. The cost of highway construction has tripled since we passed that bill. Also, and I know that Senator Beutler is correct when he refers to the high interest rate on the bonds but Senator Sieck and I and others have visited about this and it is a matter of record that the bids for construction are coming in well below what it has been expected in all construction projects of which we are aware. So I would suggest that it is very likely and I am sure that the Department will be very cautious in this approach but it is very, very likely that the reduction in the original cost of the contract will more than offset any cost that might be engendered because of the increased interest rate on the bonds and one thing we know for sure is that we already have referred to the highway safety factor, the cost of the terms of life and safety. We think that this is a small step but it is a step in the right direction. Nebraska is critically short of north/south highway facilities that are in a good state of repair. We are one of the two states I believe in the entire United States that does not have a north/south interstate and so, therefore, we have an even greater need to improve the north/south highway facilities in this state. So I would ask you to add the emergency clause and very frankly, without the emergency clause, the bill is of no value to us at this time.

SENATOR NICHOL: I have four lights on. I don't think any of you wish to speak to the amendment necessarily. If you do please indicate so. We are now voting on the Schmit amendment. All those in favor vote aye, opposed nay. Have you all voted? Have you all voted? Record the vote please. Senator Schmit, for what reason do you arise?

SENATOR SCHMIT: Does it require 30 votes to add that? Twenty-five, thank you.

CLERK: 25 ayes, 1 nay, Mr. President.

SENATOR NICHOL: The Schmit amendment is adopted. Senator Newell, you are next on the agenda. Senator Vickers.

SENATOR VICKERS: Mr. President and members, I recognize the concern of the individuals that brought this bill to our attention especially when they live in the area of this particular highway that they would like to see upgraded. I would like to point out, however, that that is not the only highway in the State of Nebraska that is in need of considerable upgrading and I recognize the need for north and south highways in the State of Nebraska and there are several of those out in my district that need upgraded and there are several areas in this state that don't even have a north/south highway first of all. But it seems to me that what we are doing here is, and I am surprised at some of my... our good conservatives colleagues are attempting to go in this direction for this particular area of their concern although I also noticed in the bill it doesn't specify which highway they're going to get the dollars on so I suppose that if once we get the dollars there we can all make a mad dash down to the Department of Roads and try to get our bid in and see if we can't get in our area instead but what we are doing is putting the State of Nebraska in the position of borrowing money. It is that simple and Senator Schmit pointed out that in the past that hasn't been too popular. If you will look at what has happened to some other states in this nation you will find out why that Nebraska probably has been pretty wise to not be too eager to get in the situation of that nature. There is other states in this nation as we all know that are in debt for millions and millions and millions of dollars until their interest rates are more than we're operating on almost. Now I don't think that is good business to start us in that direction. As a farmer that has signed more than my share of notes I know one thing. It is a heck of a lot easier to sign that note than it is to pay it off later on and I'm telling you we're going to have to pay these off and when we have to start paying them off at the expense of upgrading highways later on down the road, somebody is liable to look at this

Legislature and say, "You know, you guys weren't too smart back then. We're having to raise all this money in the highway use fund and we're having to pay off those debts that we incurred back there in 1982 to build this grand highway somewhere. Now you can't upgrade the highway that needs upgrading now." And I don't think that is too smart for this Legislature to start that direction even though I recognize that we do have highways that are needing upgraded. One of the bright spots, one of the bright areas and one of the things that I am the most proud of about the State of Nebraska is that our Constitution forbids us to go in debt. It is true that there were a few exceptions added along the way and that is one of the ones that we're trying to use here but I think we should all recognize the original intention was to keep us on a pay as you go basis. We just, just a couple of days ago, we passed a resolution honoring the building of this Capitol Building and I think it behooves all of us to stop and think for a minute about how it was built. It wasn't built by going in debt. It was built by a pay as you go basis and if our forefathers could build such a monument as we have here on a pay as you go basis then surely we can keep our roads up in that method. As you can tell, I'm a little bit opposed to LB 233.

SENATOR NICHOL: Senator Warner has requested your undivided attention. It's his turn to speak.

SENATOR WARNER: Not at all, not at all. Mr. President, members of the Legislature, I would rise to oppose advancing the bill but my comment on a couple of questions that have come up, I think Senator Beutler was wondering about the actual draft form of the bill and it may or may not be a problem, I don't know, but in any event the process and I tend to sometimes think everybody was here as long as I was and you remember everything that occurred but the original bond legislation and I'm sure most of you know was enacted in 1969 session. We originally authorized \$20 million in bonds that were issued in 1920 and there is a statute that has to be followed to do that. The debt service from those bonds come from the motor user of vehicle or the motor user fees paid to the state including the sales tax of motor vehicles, gas tax, or fuel tax I should say, those funds that are paid to the state. They are deposited to a trust fund. The trust fund is dedicated to the debt service. It comes off the top. It was done intentionally because it gave to Nebraska the best credit rating that you could possibly get and that of course would be important in the long run and from the trust fund it goes to the allocation fund which is the place where the money is divided between the cities and the counties and the state.

And the cash fund that is mentioned in this bill is one of the funds that the Highway Department uses internally but in any event, whenever you issue bonds the debt service comes out of the money before it is allocated to the cities, the counties and the state and there is another story for that being done the way it was which I won't take the time to tell you now but in any event I would oppose issuing the bonds for a number of reasons. If \$4 million is what you want to raise, there is legislation pending in here that if you pass it you will wipe out the \$4 million that you're trying to gain with bonds. For example I believe there is more than one bill introduced to divert a portion of the highway user fee to mass transit. Currently we have a million dollar limit on it. I think the bills are from a million, eight more on up. If you look at the federal fund program for mass transit that is being cut back, that aid program will be in the vicinity of 6 to 7 million easily by the 1983-'84 budget year which will be the equivalent of one cent of gas tax. So it makes no sense it would seem to me to be talking about issuing bonds when you could save that amount of money by not passing legislation that is already before the body. Another thing that a number of us have been concerned, I know Senator Kahle and the Revenue Committee has been working on, is a lot of tax for fuel is not being now collected because of difficulties on propane, on the difficulties on diesel fuel and I understand, Senator Carsten, that they are coming in with some legislation that will tighten that up. I read estimates from anywhere from three to five million dollars probably or even more that we are not getting by virtue of not having it as tight as we ought to and we're no different than a whole lot of other states. Many are in the same position but if you want to generate 4 more million for roads, all we need to do is tighten up some of those laws and collect that or perhaps even more. Finally, in any event I would be opposed to issuing bonds at this time and I was an advocate in '69 and an advocate in '70 when the bonds were actually issued but it being because of the bond market. From what I have understood that the only way you can really get a decent rate, relatively decent rate is short term bonds but if you're going to go short term bonds that also means you accelerate the amount of money it is going to take to pay them off or you take more out of the trust fund thus taking more away from the cash available to the state, the cities and the counties in the payment of those debts. I think I read a story in a magazine or in the paper in the last month or so, I do not recall which state but I think they issued around \$300 million in bonds and they were 7 plus some percent interest. I don't know for what period of time and my impression is that it is probably the short period of time to get that kind of an

interest rate.

SENATOR NICHOL: One minute.

SENATOR WARNER: In any event, I would urge you not to advance this bill but preserve the revenue that we already are collecting for roads which is equal to what is authorized for issuance of bonds and, secondly, when we get the suggestions from the Revenue Committee on how to tighten up things on propane and diesel and some of those areas, we will generate even additional revenue, not only to assist the state in its great backlog of road problems but also assist cities and counties as well.

SENATOR NICHOL: Senator Kahle.

SENATOR KAHLE: Mr. President and members, first of all I certainly sympathize with those of you that live close to Highway 81 and my seatmate of last year, Senator Maresh at that time, and I discussed this a great deal and I think he was probably the prime mover when this idea first got started. But I agree with Senator Warner and I'm sure I will not vote for any indebtedness for the State of Nebraska, especially at this time. I think we're still tussling with the bonds that we sold before. The interest rate is low but we are still paying on them. And if we obligate ourselves for five or ten years, I understand you can't get as long a long term bonding as you could or you probably don't want as long a long term bonding as you could a few years back. So whatever we do will have to be budgeted in the years to come. Now, it may sound kind of negative but Senator Warner has already mentioned what we're trying to do with the special fuels' tax, but why don't we face up to the issues. Everybody is squirming. They don't want to raise taxes but they want to get services and they want to get something done. Senator Koch yesterday had a bill that would, he thought, and I'm sure he's right, improve education. I voted against it and he nailed me and said, "How come? I thought you were for kids and education." I said, "You bring a bill around that will fund it and I will vote for it." And I think that is where we are. We all want pie in the sky. We want to have all these things but we don't want to face up to it from the Governor on down. I would be in favor of raising that 2% tax that Senator Warner and others put on a couple of years ago to 3% and really put a chunk of money into our road building program. I think it is a good time to build roads. They're hungry, the roadbuilders. They're ready to go to work. So if we want to do that let's do it up front, get the money and do the job, whether it is in education, whether it is in highway

whether it is in state aid of any kind, whether it is in salary for state employees or whatever it might be, let's don't try to just shove it down so nobody will notice it and we'll look good politically.

SENATOR NICHOL: Senator Cullan.

SENATOR CULLAN: Mr. President and members of the Legislature, I can add very little to the last three speakers and so I won't speak long but I'm glad that Senator Vickers, Senator Warner and Senator Kahle have stood to express their opposition to this bill. It is easy to borrow now and pay later and I hope that we defeat this bill today and if we need to raise gasoline taxes, then we should do that. No one I suppose needs roads worse than many of the areas in western Nebraska but I think that we... I believe in the pay as you go philosophy and I think most of the people in the State of Nebraska would as well so I urge you to defeat this legislation today.

SENATOR NICHOL: Senator Richard Peterson.

SENATOR R. PETERSON: Mr. Speaker and fellow colleagues, I would like to say I would support this bill. I drove 81 for years with my trucks. It has been in terrible need of repair for years and yet it has been one of the slowest segments of our highway to get fixed. Right now as it was spoken, I just was over it just a few weeks ago. They went in with this machine and ground off the high places and in my estimation it is worse than it was before. You can't even see the stripes or anything there. It is all gone. This project was originally started for a three year project. Several of us went to Mr. Coolidge and got it. Hopefully we'll get it completed in '82 but we can still get with \$4 million dollars which we had hoped for, to get \$8 million bonds, could get this segment down through the Hebron-York area, some more of it completed sooner which I think would sure help the amount of traffic that it carries and I think with the number of miles fixed in the next year we would even get more traffic over it because some people are bypassing it. Up in my area I do not have much complaints right now because from Columbus north to the Dakota line 81 is in pretty good shape and if it was that well from Columbus to the Kansas line I would have no objections but it is bad. I think the purpose of this bill is to expedite the completion of the repair work on U.S. 81 which is scheduled to begin in '82. Since Highway 81 is a state's major north interstate highway it is appropriate that the state make special efforts to not only keep the road in good repair but to keep traffic moving on the road with as few disruptions as possible. I think this is important to interstate

travel as well as communities which are dependent on the highway as a commercial life line. I would hope that this project would move along as quickly as possible and I would ask your support in helping this area. Like I said, my area is not too bad on 81 right now but I do travel it and I think these people down on 81 in the southern part do deserve more than what they are getting. Thank you.

SENATOR NICHOL: Senator Howard Peterson.

SENATOR H. PETERSON: Mr. Speaker, members of the Legislature, I would rise to support Senator Warner, Senator Vickers and Senator Kahle in opposition to this particular bill. If you will look at the record I think you will see that Senator Carsten, Senator Kahle and myself voted in opposition to bringing the bill to the floor of the Legislature in spite of all the testimony that was given by the various interests in favor of it. I have a strong feeling that this is not the time for us to be talking about spending any sums of money other than what we can raise. I am in strong support with Martin Kahle on our trying to get to the point where we get some of the tax funds that we ought to on what we call special fuels, diesel fuel and propane fuel that is not now paying taxes in many areas but it just seems to me that if Highway 81 is in the shape that it is in then it behooves the towns up and down that area to come to the State Department of Roads and to plead their cause and ask for that to be a priority development rather than to come to the Legislature and ask us to bond this state. I think we've got enough problems nationally with debt. We won't worry about high interest rates. The truth of the matter is the reason why we have the high interest rates is because of the high national debt and we ought to recognize that and I think my generation ought to be ashamed of saddling these young people that sit in front with the kind of national debt we have saddled them with without paying our way as we went. I just would hope that we don't start to try to do that in the State of Nebraska.

SPEAKER MARVEL PRESIDING

SPEAKER MARVEL: Senator Lamb has called a meeting of the Executive Board underneath the South balcony at three-thirty. Senator VonMinden, do you wish to speak?

SENATOR VONMINDEN: Mr. Speaker, members of the body, I rise to oppose spending this money also. I can't see how we can expect to go into bonds for our future generation when we are supposed to be the smartest generation that there is right now and there's some questions I want to ask anybody who can answer it. This is my second year here but this

is the first year we've been asked to vote on bonds and is it customary to...this is the only thing I have is one sheet here...is it customary to vote on bonds for \$4 million and I don't know where it is going. I hear on 81 but there is nothing in here that says where it is going. There is nothing that says any percent of what the bonds are going to be or there are nothing that says how many years or anything. Is this the way that Nebraska does business or ...I just want the information from somebody who can tell me. I don't know. Unless I've lost some of mine, I read this and I think to myself, am I expected to vote for \$4 million and I really don't even know what I'm doing except trying to get \$4 million for some roads some place?

SPEAKER MARVEL: Senator Sieck, do you wish to answer the question?

SENATOR SIECK: Yes, Senator VonMinden, the money cannot be earmarked for specific highways. We were stressing the need of a certain area but the bill says it will go into the highway trust fund to be used by the Highway Department for the improvement of roads and I feel that it could happen, that they could get a stretch of highway done with maybe a lot better contract and maybe they only need \$4 million extra to get that job done. Let's let them do this and see if that would be helpful. This doesn't say that they've got to do it. This just allows them and asks them to consider using the \$4 million as far as bonding. This isn't an every day occasion as you were asking. It isn't an every day occasion.

SENATOR VONMINDEN: Thank you then.

SPEAKER MARVEL: Senator Higgins, do you wish to speak to the bill?

SENATOR HIGGINS: Yes, Mr. President. I'm glad Senator Von Minden asked you that question, Senator Sieck because I thought it was going to be for Highway 81 and I was just about to say don't let's us Omaha people vote for anything like that. We never travel that road, but seriously, \$4 million for highways, I don't like the idea of that either. I would prefer inasmuch as the people that build highways work strictly for the government, either the state or the federal. They're not really working for private enterprise. Once in a while private enterprise will happen to build a driveway, a parking lot but they aren't in a business where you can go out and hustle a little more and sell. So think where the bottom line is on this, reminds us of Franklin Delano Roosevelt and the vast criticism he got for the WPA, the New Deal. He gave people money but he made them work

for it. I really can go ahead and say don't let's get these bonds going. Don't let's spend any more money. I have got news for you, fellows. You're going to spend it because those people that work for the construction companies they're going to be drawing unemployment because remember, they don't work for private enterprise as private enterprise but the government is the only one that ever hires them indirectly, and when they have gone as far as they can on unemployment, then you're going to get them on welfare, and I'll tell you what, Franklin Delano Roosevelt wasn't so stupid. He gave the taxpayers something for their money. They worked for their money. So if you want to go against LB 233 all those in favor of long extended unemployment checks and then welfare checks, vote red, but if you want to get something for your money I think I'd vote for 233 even though I don't like the idea of it either but I'd rather get something for my money than nothing. Thank you, Senators.

SPEAKER MARVEL: Senator Schmit.

SENATOR SCHMIT: Mr. President, members of the Legislature, I don't think that any of us who have our names on the bill will object to taking cash for the construction of the highway. I think that, I haven't polled the group but I'm sure that if those funds are available for improving Highway 81 in that manner we'd be glad to do it. Number two, I think we all recognize that the Legislature by the passage of this bill would not be issuing the bonds. That is still going to be up to the Governor to make that decision. Well all we can do is give the Governor some indication of how we feel. Number three, you know it is always interesting to me about the pay as you go thing. We hear that, I've used it myself when it's appropriate, serves my purpose, talk about paying as you go and I think it is a good idea and I will certainly continue to advocate that. I go along with Senator Kahle. I think that it is amazing to me that at a time when we've seen the cost of gasoline increase by 300% in the last two years that we get such a hue and cry right when we raise the gasoline tax a little bit. We've given our Department of Roads and Mr. Coolidge, our engineer, almost an impossible job to keep, to maintain the highways under the present cost structure with a decreasing amount of revenue. Small automobiles, increased accent upon energy conservation, decreased travel by automobile, all these have created tremendous problems for Mr. Coolidge not to mention some of the exemptions which I have helped to instigate which have further reduced the amount of funds available. What I am trying to point out, what the proponents here have been pointing out to you is this fact. Highway 81 is one of the two major north/south highways in the State of Nebraska. We also have pointed out

that this does not necessarily say that Highway 81 shall be the highway which shall be improved. It may well be Highway 77 or any other highway. It could be 30, it could be any of those highways. I think what we are saying is that there needs to be additional emphasis placed upon highway improvement in the State of Nebraska. We are seeing railroad abandonments which are going to throw additional cost upon the highway system. There is no other way you are going to handle it. Some of these spurs are abandoned. The branch lines are abandoned. You're going to throw additional loads upon the highway system. Regardless of how you vote on LB 233 I think we should...we have performed a service by pointing out that there is a deficiency in the funds available for road construction, that we have not met those responsibilities, that there are additional costs that are going to be incurred day after day and Senator Higgins has pointed out some of the very hidden cost. But let me point out some costs that you don't even think about. A number of years ago and I've been advocating a bridge across the Platte River at Bellwood for a number of years, what was not possible with thirteen cent diesel fuel becomes a reality when diesel fuel hits a dollar and a quarter a gallon. What was not possible with twenty-nine cent gasoline becomes a reality with dollar thirty-five gasoline. We have to look at distances and highways in a different light now than we did ten years ago. Also in Butler County for example, a county which has a large number of bridges, many bridges which have been in place for fifty, sixty, seventy years, many bridges which have been condemned, the county board because of a state law must inspect those bridges annually and they must close roads because of inadequate bridges. And so what happens when Schmit or Warner or Kahle decides to head for town with a load of corn? Instead of taking the most direct route we have to drive around.

SPEAKER MARVEL: You have one minute left.

SENATOR SCHMIT: And that's costly also. Now it is not a direct cost to the state but it certainly is a cost to all of us. In the long run the people pay and so I think that I don't entirely disagree with Senator Kahle, Senator Warner, Vickers, Cullan. What I do agree with on their part of their discussion is this. There needs to be some renewed emphasis upon highway construction that needs to be faced right now and the sooner we do it the better and I think in that context the bill we are talking about here justifies consideration. It is not going to be costing us a dime unless the Governor should agree. Now if you think the sun is going to come up in the west tomorrow morning, then you think the Governor is going to agree. He's not going to agree. We know that but I think he needs to know the feeling of this Legislature relative to highways. We owe that to him and certainly I'm sure he would appreciate the voice from this

Legislature. Thank you very much.

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

SENATOR WARNER: Mr. President, members of the Legislature, I just want to briefly repeat because anything I've said should not be interpreted as not recognizing or not having a concern about the needs for additional funds for construction and maintenance of the roads in Nebraska because they are...well over four thousand some odd miles are now sub-standard. We have a tremendous backlog of improvements at the state level that are needed as well as the same situation sometimes at the county and city levels. All I want to emphasize, this is \$4 million one time, one year. Now you can get \$4 million every year by voting against those bills that will be before you later that divert money from highway construction. You can get three to five million every year from now on if not more by tightening up the collection on motor fuels, particularly those areas of diesel, propane and I think I saw a story where there will be fleet vehicles offered for sale this coming year that runs on natural gas which I'm not sure we even have a vehicle to tax it. Electric cars we do not have a vehicle to tax it. There are a variety of ways that we can improve our revenue sources for the state road systems at all three levels without issuing bonds at this time, without increasing the gas tax at this time and it would be something that will provide money each and every year, not one time as the issuance of bonds.

SPEAKER MARVEL: Senator Newell. Senator Sieck, do you wish to close before we proceed?

SENATOR SIECK: Thank you, Mr. President. I think it is time to close but I do appreciate the discussion we have had this afternoon. I agree with Senator Schmit. I think he made some excellent statements with his closing here and also Senator Warner and I think it alerts us to the fact that the need is here and we've got to do something about it. And I don't think there is too much wrong with getting this \$4 million. We may allow a stretch of road to go in that could not have been done without it and I think this is something that we have to think about. Senator Beutler asked me the question of whether there was any bonding done. Yes, in 1969 we had a bonding let of \$20,000,000. Of that amount \$8 million is still left to pay with \$2 million of interest. So these are being paid out of the highway trust fund and I just wanted to clear this up. And I do feel that there is nothing wrong and I am a pretty conservative individual as I think most of you know. But I do like the comments that Senator Higgins gave. We're getting into, maybe, a depression and we need some work programs. Maybe this is the way to go. So when you vote, consider all

these angles and I ask you to advance this bill.

SPEAKER MARVEL: Senator Sieck was closing. We now vote on the advancement of the bill. All those in favor vote aye, opposed no, 233.

SENATOR NICHOL PRESIDING

SENATOR NICHOL: Have you all voted? There are five excused. Record the vote, Mr. Clerk.

CLERK: 15 ayes, 21 nays, Mr. President, on the motion to advance the bill.

SENATOR NICHOL: 233 does not advance.

CLERK: Mr. President, LB 278 introduced by Senators Goodrich, Hefner and Howard Peterson. (Read title). The bill was first read on January 16, referred to the Revenue Committee for public hearing. The bill was advanced to General File, Mr. President. I do have committee amendments pending by the Revenue Committee.

SENATOR NICHOL: Senator Carsten, are you going to handle the committee amendments, please?

SENATOR CARSTEN: Mr. President and members of the Legislature, LB 278 is a bill that provides for a sales tax refund if the sales tax rate is raised during the term of a fixed price construction contract. That was the basis for the introduction of the bill. And the refund would be equal to the amount of the additional tax that was imposed as a result of that increase. The committee had two amendments that they put to the bill, one was that the contractor shall refund to the Department of Revenue the sales tax savings if the sales tax is reduced during that same period of time. And the second amendment was that it exempt those areas, nonprofit organizations providing services primarily from home health care purposes. Now these are usually provided by hospitals which are exempt anyhow and it was in that light that these two amendments were provided and adopted by the committee, and we recommend and urge your approval of the adoption of the committee amendments.

SENATOR NICHOL: Senator Carsten, I believe Senator Beutler has an amendment to the committee amendments. Is that the way you wish to handle that, Senator Beutler?

SENATOR BEUTLER: I think....I didn't have an opportunity to talk to Senator Carsten, one way or the other, it doesn't matter to me. It would be appropriate because of some of the language in the committee amendments.

SENATOR NICHOL: Okay, Senator. Clerk, would you read in the Beutler amendment?

January 14, 1982

LB 138, 231, 233, 622,
664, 722, 825-833

SPEAKER MARVEL PRESIDING

DR. PALMER: Prayer offered.

SPEAKER MARVEL: Roll call. Please record your presence. Record.

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

SPEAKER MARVEL: Do you have anything under item #3?

CLERK: Yes, sir, Mr. President, your committee on Administrative Rules and Regulations gives notice of hearing for Wednesday, January 20.

Mr. President, your committee on Business and Labor gives notice of hearing for January 20, 27 and February 3 and that is signed by Senator Barrett and Senator Johnson.

Mr. President, I have two Attorney General's opinions, one addressed to Senator Labeledz regarding LB 138 and one addressed to Senator Fowler regarding LB 231. (See pages 280-282 of the Legislative Journal.)

Mr. President, Senator DeCamp would like to print amendments to LB 622 or 233. (See pages 282-283 of the Journal.)

Mr. President, I have received two reports from the Middle Republic NRD and the Lower Platte South NRD regarding payment of attorney fees. (See pages 283-284 of the Legislative Journal.)

I will have on file in my office a report I received from the Director of State Engineer Department of Roads pursuant to LB 722.

Mr. President, new bills: (Read by title for the first time LB 825-833 as found on pages 284-286 of the Legislative Journal.)

SPEAKER MARVEL: We are ready for item #5, Final Reading, and the Chair recognizes Senator Vard Johnson.

CLERK: Mr. President, Senator Johnson would move to suspend Rule 6, Section 7(b) to permit the Final Reading of LB 664 today.

SENATOR V. JOHNSON: Mr. Speaker, members of the body, I want to thank you for your indulgence with this particular measure. As you know this is the bill that would name the gymnasium for the Nebraska School for the Deaf after Mr. Nick Peterson who is an alumnus of the Nebraska School for