

January 8, 1981

LB 1-18

duced before we recess before this afternoon's ceremonies. So would you please get all the bills that you have ready for introduction up to the desk at this time so that we can proceed. Thank you. Proceed then, Mr. Clerk, with the introduction of the bills you do have.

CLERK: Read LB 1-18 by title for the first time. (See pages 74-77 of the Legislative Journal.)

PRESIDENT: The Chair recognizes Speaker Marvel.

SPEAKER MARVEL: Is Senator Marsh in the room?

PRESIDENT: Senator Marsh is right there.

SPEAKER MARVEL: Senator Marsh, do you have a Committee on Committees report that you would like to distribute and take up at this time?

SENATOR MARSH: Yes, Mr. Clerk, would you please start the distribution.

CLERK: Yes, Senator, it is on its way.

SPEAKER MARVEL: The item that we refer to is being added to the agenda as 5(a). This is to bring before you the Committee on Committees report for your consideration.

PRESIDENT: The Chair recognizes Senator Marsh as soon as we get the...we probably ought to wait until we make sure all of the reports are distributed, Senator Marsh, so why don't you just kind of watch...

SENATOR MARSH: Mr. President, I believe we are now ready.

PRESIDENT: All right, proceed.

SENATOR MARSH: Thank you very much. I will ask that the Clerk would read the cover letter on this report.

PRESIDENT: Mr. Clerk, go ahead.

CLERK: Mr. President, a communication from Senator Marsh addressed to Mr. Speaker and Senators: The following report is submitted as a final action of the Committee on Committees five hour meeting on Wednesday, January 7, 1981. Respectfully submitted, Shirley Marsh, Chairperson.

SENATOR MARSH: Mr. President, I move for the adoption of this report as the final action of the Committee on Committees following our five hour meeting on yesterday, January 7, 1981.

Mr. President, I have a lobby registration report for the interim period covered by April 19, 1980, through January 6, 1981. That will be inserted in the Legislative Journal. (See page 94 of the Journal.)

Mr. President, I have a reference report from the Executive Board referring legislative bills 1-36. That is signed by Senator Lamb as Chairman. (See pages 94-95 of the Legislative Journal.)

Mr. President, I have in my possession proposed lease renewals as supplied us by the State Building Division. Those will be on file in my office. I also have a report from the Nemaha Natural Resources Districts regarding payment of attorney fees. (See page 95 of the Journal.)

Mr. President, Senator Hefner would like to announce that Senator Barrett has been elected as vice chairman of the Miscellaneous Subjects Committee.

Mr. President, Senator Labedz would like to announce that Senator Pirsch has been elected vice chairman of the Constitutional Revision and Recreation Committee.

Mr. President, Senator Marvel would once again like to announce a meeting or a chairperson's caucus for Monday, January 12 at 9:00 a.m. in Room 1520. It is a chairperson's caucus for Monday, January 12 at 9:00 a.m. in Room 1520.

PRESIDENT: The Chair will recognize Speaker Marvel once more for additional announcement concerning procedure.

SPEAKER MARVEL: I think, Mr. President, the first thing we need to note is the fact that we are using valuable time that we may wish we had at the end of this session. I guess I am going to repeat this every day for a while and so would you please put on the Clerk's desk whatever legislation you have so that we can once again begin processing this legislation which means that the Exec Board needs to meet and refer the bills as soon as they have been processed by the Clerk and, therefore, I remind you first of all, get the bills in and, secondly, that the Exec Board then will have to meet to refer the bills. Now this process has to go on even if we may only meet until noon. Now, Mr. President, is that the... Pat, is there anything else to say about the reference of bills?

CLERK: No, sir, not that I am aware of. I think Senator Lamb might want to make a...

January 20, 1981

LB 3, 278, 468-489

CLERK: Mr. President, new bills. (Read LB 468-489 as found on pages 291-297 of the Legislative Journal.)

Mr. President, your committee on Urban Affairs gives notice of public hearing for February 4, 11 and 18, 1981.

Mr. President, the Business and Labor Committee would like to meet underneath the North balcony at 2:00 p.m.

Mr. President, Senator Chronister would like to have his name added to LB 3 as co-introducer.

SPEAKER MARVEL: No objection? So ordered.

CLERK: Mr. President, Senator Warner offers proposed rules change which will be submitted to the Rules Committee for their consideration. (See pages 298-300 of the Journal.)

Mr. President, Senator Wesely gives notice of Rules hearing scheduled for January 27.

Mr. President, Senator Hefner and Howard Peterson want to add their name to LB 278.

SPEAKER MARVEL: No objection? So ordered.

CLERK: Mr. President, I believe that is all that I have.

SPEAKER MARVEL: Senator Rumery, do you want to recess us until three-thirty?

SENATOR RUMERY: One-thirty?

SPEAKER MARVEL: Three-thirty. The motion is to recess until three-thirty. All those in favor say aye, opposed no. The motion carried. We are recessed until three-thirty.

Edited by:


Mary A. Turner

March 19, 1981

LB 179, 3, 6, 204, 366, 415

PRESIDENT: The Chair recognizes Senator Lamb on the amendment to add the emergency clause.

SENATOR LAMB: Mr. President, members, the reason for adding the emergency clause is obvious in that the emergency clause was on LB 120. In order to correct that situation as soon as possible we need the emergency clause on this bill also. Thank you.

PRESIDENT: Any discussion on the Lamb amendment to add the emergency clause on LB 179? Hearing none, Senator Lamb, I guess that is your opening and your closing. The question then is the adoption of the Lamb amendment to add the emergency clause. All those in favor vote aye, opposed nay. Record the vote.

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

PRESIDENT: The motion carries. The emergency clause is adopted. Any further amendments on LB 179?

CLERK: I have nothing further on the bill.

PRESIDENT: Senator Kilgarin, is to move the bill.

SENATOR KILGARIN: I move LB 179 be advanced to E & R for engrossment.

PRESIDENT: Motion to advance LB 179 to E & R for engrossment. Any discussion? All those in favor of the advancing of LB 179 signify by saying aye, opposed nay. LB 179 is advanced to E & R for engrossment.

CLERK: Mr. President, your committee on Revenue reports LB 3 to General File with amendments and LB 6 as indefinitely postponed, (Signed) Senator Carsten as Chair.

Your committee on Retirement reports LB 366 to General File with amendments, (Signed) Senator Fowler as Chair.

Your committee on Public Health reports LB 415 to General File with amendments, (Signed) Senator Cullan.

Your committee on Urban Affairs reports LB 224 to General File with amendments and that is signed by Senator Landis. (See pages 1018-1024 of the Legislative Journal.)

PRESIDENT: Before we take up LB 204, the Chair would like to introduce some guests from Senator Carsten's district, 15

April 7, 1981

LB 3, 56, 58, 87,
LB 283, 284, 322, 330,
LB 35, 437, 491

SENATOR VICKERS: Well I guess we will have to have a roll call vote then.

SENATOR CLARK: Call the roll. We are still short two. Is that all right with you?

SENATOR VICKERS: Who are missing?

SENATOR CLARK: Senator Goodrich and Senator Schmit.

SENATOR VICKERS: No, I want to wait until they get here.

SENATOR CLARK: We are required to stay in our seats under the Call of the House. Is the Sergrat at Arms looking for those two? Senator Schmit, we are voting on the advancement of LB 35. Call the roll. Senator Goodrich is not in the building that we can find. Here he comes. Now we don't have to find him. Senator Goodrich, we are voting on the advancement of LB 35. Senator Goodrich, we are voting on the advancement of LB 35. Do you want a call-in vote? Call the roll.

CLERK: (Read roll call vote as found on page 1339 of the Legislative Journal.) 25 ayes, 21 nays on the motion to advance the bill, Mr. President.

SENATOR CLARK: The bill is advanced. Senator DeCamp, would you like the honor of adjourning us until tomorrow morning at nine o'clock?

SENATOR DeCAMP: Yes.

SENATOR CLARK: We have a few things to read in first.

CLERK: Mr. President, your Appropriations Committee will meet tonight upon adjournment in Room 1003. The Public Works Committee will meet in executive session in their regular hearing room immediately upon adjournment. All members are encouraged to attend. Senator Higgins offers explanation of vote, Senator Nichol to print amendments to LB 87. (See page 1343 of the Journal.)

I have a communication from the Governor. (Read same regarding LB 311 and 56. See page 1343 of the Journal.)

Mr. President, Senator Goodrich would like to print amendments to LB 3; Senator DeCamp to LB 284. (See pages 1340-1342 of the Journal.)

Your committee on Enrollment and Review respectfully reports we have carefully examined and engrossed LB 58; 283 engrossed; 330 engrossed; 437 engrossed and 491 engrossed.

April 10, 1981

LB 3, 243

RECESS

SPEAKER MARVEL PRESIDING

SPEAKER MARVEL: Record your presence please. Will you record your presence please so we can begin the afternoon's agenda? Record.

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

SPEAKER MARVEL: Do you have something to read in?

CLERK: Very quickly. I have some amendments from Senator Newell to LB 3 to be inserted in the Journal. (See page 1412.)

And pursuant to our rules, Mr. President, I have the session employees expense report. That will be inserted in the Journal as well. (See page 1411.)

Mr. President, when we left the bill this morning, LB 243, there was a motion to indefinitely postpone. That was pending. That was offered by Senator Sieck.

SPEAKER MARVEL: The Chair recognizes Senator Sieck.

SENATOR SIECK: Yes, Mr. President and members of the body, I did address myself once to this bill. I would like to address myself again. Senator Schmit talked about the criteria in his sheet of what the NRDs are going to do, what they are obligated to do. He is entirely correct as they are listed. That is what they are obligated to do and I think that is what they are doing. I want to make that very clear with you, that is what they are doing. The recreation is just a very minor thing as far as the NRDs are concerned, very minor, but yet they have to have this instrument, this certain, what do you call it, qualifications to do such as land treatment, pollution and all that. This is all a part of it and when we wrote the NRD law this was a part of it. Why was it written that way? Because they took over the conservancy districts which were formed to implement the 566 program and this was mostly in rural areas. And then another thing that happened was that we implemented, the Legislature did, the watershed district which was a large district encompassing this particular area and you maybe can call that special legislation but it wasn't as such. There could have been a water district formed anywhere but this was legislation to give the power to that operating board the authority to levy a tax. In the conservancy district, it was two mills and they also gave them

April 13, 1981

LB 3, 381

SENATOR NICHOL: LB 381 is advanced to E & R Initial. We will go on to LB 3.

CLERK: Mr. President, if I may right before that, Senator Johnson would like to print amendments to LB 346, and new A bill, LB 11A offered by Senator Maresh. (Read title to LB 11A). Mr. President, LB 3 was introduced by Senator Glenn Goodrich and Harry Chronister. (Read title.) The bill was read on January 8, referred to Revenue. The bill was advanced to General File. I do have committee amendments by the Revenue Committee, Mr. President.

SPEAKER MARVEL PRESIDING

SPEAKER MARVEL: The Chair recognizes Senator Carsten for the committee amendments.

SENATOR CARSTEN: Mr. President and members of the Legislature, I move for the adoption of the committee amendments. The committee adopted the amendment which substitutes new language for the original bill. The amendment provides in essence that the exemption would apply in case of new manufacturing and processing equipment for use in a new manufacturing facility. The amendment is specifically targeted for new industry locating in Nebraska and expansion of existing facilities for manufacturing of different types or lines of products. Now the phrase "new manufacturing and processing equipment" is intended to include those types of machines commonly found in manufacturing and processing plants such as press and milling equipment. It is not intended to include the normal business equipment such as electronic data processing equipment, telecommunications equipment, office typewriters and floor buffers. The phrase, "new manufacturing and processing equipment" as used in the amendment excludes farm and ranch equipment. The amendment also requires that the facility be one of new construction begun on or after July 1, 1981. The intent of the phrase "new construction" is generally defined in the amendment, but more specifically the intent is to exempt equipment creating new manufacturing or processing operations. This amendment is designed to encourage new industry location in Nebraska by exempting its machinery from sales and use tax upon entering into the state. Facilities currently located in Nebraska would receive the same exemption upon creating a new manufacturing or processing operation in the state, but would not receive the exemption on new or improved equipment which replaces existing equipment or on new equipment which only expands

April 13, 1981

LB 3

the business current operation. That, Mr. President, is a brief explanation of the committee amendments and I move for their adoption.

SPEAKER MARVEL: The motion is the adoption of the committee amendments. Senator Newell wants to talk. The Chair recognizes Senator Newell. We are talking about the advancement of the committee amendments.

SENATOR NEWELL: Mr. President and members of the body, I also rise to support the committee amendments. Just briefly, I would like to point out to the members of this body that the committee amendments were an honest attempt to try to provide this sort of an exemption for new equipment, new machinery, for the stated purpose, and I don't know that many recall what the stated purpose of LB 3 originally was, but it was basically to bring in Case Cummings or some like sort of plant into the state, and that purpose has somewhat been lost in the drafting of the bill and so the committee offered these amendments to try to keep that purpose in mind, not to exempt existing industry but to...but basically to protect the tax base and at the same time provide this exemption for new industry bringing in new jobs or developing a new industrial activity or business in Nebraska. Now, frankly, the bill was written in such a way that the fiscal impact of the original bill if we do not accept the committee amendments, the fiscal impact would be about between two and three million to the City of Omaha, six million dollars to the State of Nebraska and close to a million dollars for Lincoln, and other cities would have a similar...if they have a sales tax would have a similar net loss in terms of dollars. So without the committee amendments we do not get to the stated purpose and that is to encourage new industry. What we do instead is further erode the tax base, and so I strongly urge this body to accept the committee amendments.

SPEAKER MARVEL: The Chair recognizes Senator Goodrich for your amendment to the committee amendments.

SENATOR GOODRICH: Mr. President and members of the body, Senator Landis is going to handle....Mr. Speaker...Mr. Speaker, Senator Landis is going to handle the amendment to the committee...he and I's amendment to the committee amendment. So would you recognize Senator Landis first and then back to me.

SPEAKER MARVEL: Senator Landis.

SENATOR LANDIS: Thank you, Mr. Speaker. Thank you,

April 13, 1981

LB 3

Senator Goodrich. If you have your Journals on your desk, I hope you will take a chance...take an opportunity to turn to page 1342. That is page 1342 in your Journals, and I also will probably be reading this in conjunction with the Newell amendment which appears on 1412. So you might make a note of those two numbers. The amendment that I am sponsoring along with Senator Goodrich appears on page 1342. It is in lieu of the committee amendments and so our motion actually is...should be seen as a rival to the motion made by Senator Carsten to adopt the committee amendments. In fact, this amendment replaces the committee amendments with new language and just reading those two sentences will, in fact, be the whole idea that we are striving for with the amendment. In essence it says, "Manufacturing and processing equipment purchased for use directly in new, diversified, or expanded manufacturing or processing operations located in a manufacturing facility and specifically excluding equipment acquired to replace worn out equipment". That is the exemption from the sales tax that we would urge the body to adopt. Notice if you will that some of the same assumptions that the committee, the Revenue Committee made, are retained, this excludes farming and ranching operations, and in that sense we share the same assumption. Where we part company, however, is with respect to whether or not the exemption will apply to new construction only. As you can see, the Landis-Goodrich amendment seeks to expand the concept of the exemption to not only new construction or new industries but industries in place who are adding to their operation. Notice that this is not the replacement of simply worn out equipment, equipment out of date, obsolete that is replaced by additional equipment, but, in fact, the expansion of the plant, and as the expansion of the plant and therefore probably the expansion of jobs occurs, this exemption goes into place regardless of whether we are talking about a new manufacturing plant in Nebraska or an existing manufacturing plant that is seeking to add a new line perhaps to retool to produce a new product or to expand or diversify their existing plant. That is the philosophy of the Landis-Goodrich amendment found on page 1342. We, in Nebraska, have been very proud of the fact that we have been by all accounts the best business climate in the country. That fact has been regaled upon us by a number of local pundits and legislators and we are proud of that fact. Here in the City of Lincoln we are also very proud of the fact that we are an all American city based on the environment, based on our employment figures, based on the education facilities, based on our community of resources and the like.

Merging those two ideas, one would have a very difficult time explaining why Lincoln's industrial growth has come to a halt because that is exactly what has happened. In the last two years there has not been a single new industry in the City of Lincoln, and in the year previous to that there was one, I believe. However, in the years previous to that three year period, in the three years previous to that we had thirteen new industries. Lincoln is an all American city with apparently a very high standard of living, a very high quality of life. It resides in the heart of the best business climate in the nation and yet we have a county that does not attract new industry or the diversification of existing industries. That is a cause of concern to the City of Lincoln and, of course, it's a cause of concern to the Lincoln delegation, and generally that is reflected throughout this Legislature, I would hope, and throughout the State of Nebraska because with as much as we have to offer this state seems to be standing still or perhaps losing ground in the fight to bring new industry and new economic growth to Nebraska. The Landis-Goodrich amendment seeks to reverse that by removing the disincentive of sales tax being applied to the diversification or expansion of existing or new industrial growth. One has to finally in the end accept the hard reality that economic growth is the engine of this economy. Some of us, myself included, wish that that were not so, wish that the Economics of E. B. Shoemaker that says, small is beautiful, is the best approach and immediately accessible, that we can, in fact, stop growth and bring to the forefront the approach that we need to improve the quality of our economic base rather than the quantity. And as lovely as that goal is, it also factually is simply not true. Economic growth is vital to the welfare of the state, also vital to the welfare of my city, and for that reason I urge the adoption of the amendment to LB 3. The tax base in our city and our state needs to expand. Valuations need to go up. Jobs need to be made available since the labor market changes and into the labor market is poured then new entrants, either women freed from the homemaking responsibilities or adding to their homemaking responsibilities, the young, the second income person of a family, all of those people need to be employed. If not, they provide a drain. If the economy stays the same but there is a drain in the labor market, the total cost of doing business goes down, unemployment goes up, the drain on state services goes up, welfare goes up and, in fact, you lose your place vis-a-vis others, you lose your economic...economy's scale if you do not grow, and that is what LB 3 attempts to promote and that

April 13, 1981

LB 3

is what this amendment attempts to promote. The idea clearly is a distinction from the committee amendment because it recognizes in place industry such as in my case Kawasaki, or OMB, who might want to retool and add to their existing facilities a new line. Kawasaki, for example, has been manufacturing snowmobiles in Lincoln. The market there has stymied. They would like to retool that plant and go to lawnmower production, lawnmower motor production, and yet that is a questionable economic choice for them. That is a heavy investment of money. It will mean the retention of jobs but it will mean a heavy investment of retooling. With the Landis-Goodrich amendments they can achieve that with the incentive of the exemption from the sales tax for that retooling. That retooling will mean a healthy economy in the City of Lincoln. It will mean the retention of jobs and it will mean growth for the City of Lincoln and I am interested in that, and I hope this body is as well. We all have the example of Case Cummings in Omaha, but there are also existing in place in industries and manufacturers around the state who may want to expand, and I see no reason to discriminate against them in their plans for growth and yet to encourage growth simply by new industries who are, in effect, doing the same thing of pumping life blood into the Nebraska communities by expanding economic opportunities. If an industry is going to expand economic opportunities, and we wish to give that an incentive, we should apply that across the board to new and existing facilities in this state. That is the concept behind the amendment. I am happy to open myself up to questions, or I am sure Senator Goodrich will as well. If you have questions for either of us, feel free to ask them now. Otherwise, I would ask the body to accept this amendment in lieu of the committee amendment and to move LB 3.

SPEAKER MARVEL: The motion is the adoption of the Goodrich-Landis amendment to the committee amendments. Senator Cope, do you wish to speak to those amendments?

SENATOR COPE: Mr. President and members, I certainly do. I support the amendments. In fact, this makes a bill now that I think really has merit. It bothered me when I thought that only new industry would be given this break. I am thinking of industries that are the old faithfuls that came to this state years ago and sort of pioneered their way for industry, and I think they should have the same breaks as new industries. It is often the case that a city will work real hard to get a new industry and as soon as they get it they forget about it, and that isn't

the way. Let's keep what we have and add to it. There is no doubt in my mind that Nebraska needs more industry. We are an agricultural state. I think we will always be, but industry does level out the bottoms in agriculture that do happen. Here are some of the reasons that I believe the removal of the sales tax on machinery should be made for both existing and new. Companies look at Nebraska, they like it, but then they look at what we have to offer other than the site, the good labor market and those items. Here is ten incentives that companies look for: Tax exemption or moratorium on land and capital improvement. There is 29 states that offer this and Nebraska doesn't. The right to work law; 20 states offer it, so does Nebraska. Tax exemption for manufacturing inventories; 42 states offer it, Nebraska does. Corporate tax exemption; 25 states offer it, Nebraska does not. IDA bond financing; 46 states, Nebraska, yes. Tax exemption or moratorium on equipment or machinery, what we are talking about; there are 31 states that offer this at the present time. Now think of that, 31 out of the 50. Nebraska doesn't at the present time. Accelerated depreciation; 28 states offer it, Nebraska doesn't. Sales use tax exemption on new equipment; this is what we are talking about, I am sorry. There is 36 states that offer this, Nebraska doesn't. State supported training of industrial employees; 50 states offer it, Nebraska does. Tax exemption on raw materials; 46 states and Nebraska does. We offer five of the exemptions out of the ten. We certainly should add one more to it, I think, by giving this bill all the consideration we can, and especially now the amendment of Landis.

SPEAKER MARVEL: Senator Goodrich.

SENATOR GOODRICH: Mr. President and members of the body, I am afraid what we are doing is we are straying away from the amendment to the committee amendment. I would like to get back to that for a couple of minutes so we can get that handled so that we know what form of the bill we are talking about. The committee amendment in essence has got two problems with it, both of which are constitutional problems, one is classification which isn't so bad in itself because most revenue statutes come up with a certain amount of classification problems within them. However, when you get classification within classification, that is when we really get into constitutional difficulty with any legislation, and that is why, for example, we are offering the amendment to the committee amendment is to eliminate the two constitutional problems with it, one of which in the committee amendment that

says in essence that processing equipment...new manufacturing and processing equipment purchased after January 1, 1982. For example, there is one set of classification, and then it goes into whether it is a new construction...going into new construction, that type of thing. There is a classification within a classification. So, consequently, that is why we had to develop new language to say in basically the same thing except say it in a different way, and that is why we came up with the language that you find on page 1342, which is that, "Manufacturing and processing equipment purchased for use directly in new, diversified, or expanded manufacturing or processing operations located in a manufacturing facility and specifically excluding equipment acquired to replace worn out equipment". Now the two main differences between the committee amendment and the new amendment that we are offering in lieu of the committee amendment which is an amendment to the committee amendment, in other words, is we are trying to clarify by adding the word "diversified" and we are also trying to clarify the fact that we are eliminating the fiscal impact both for the state and for the governmental subdivisions such as the four cities that have sales tax, and when we add "specifically excluding equipment acquired to replace worn out equipment", that just spells out a little clearer the elimination of the fiscal impact of the bill. So that if we process this bill in the Landis-Goodrich amendment form, there is virtually no fiscal impact to anyone. We have eliminated the two constitutional questions in the committee amendment, so for that reason we are asking you to adopt the Goodrich-Landis amendment to the committee amendment. I would so move.

SPEAKER MARVEL: Okay, we are finished with the discussion of the Goodrich-Landis. Senator Schmit, then Senator Wesely and then Senator Kahle.

SENATOR SCHMIT: Mr. President and members of the body, a question of Senator Newell, please. Senator Newell, the committee amendments did not provide the exemption for replacement of equipment. Is that right?

SENATOR NEWELL: No, they do not.

SENATOR SCHMIT: In other words, if an industry were to purchase an identical piece of equipment that is in place, it would not get the exemption, whereas a new industry coming to the state would get it?

April 13, 1981

LB 3

SENATOR NEWELL: Well, Senator Schmit, the committee amendments are much more complicated to that. It is really predicated on the fact that a new industry moving into the state for the first time, or someone adding a new, totally new line of activity for the first time...

SENATOR SCHMIT: Fine.

SENATOR NEWELL: In other words, it is predicated more on the desire to bring in new and expanded industrial activity as opposed to writing off those people who are already here.

SENATOR SCHMIT: Whereas the Goodrich-Landis amendment would provide that exemption for existing industry?

SENATOR NEWELL: Well, their exemption would provide it if you are going to retool. If you just replaced, and this is a fine line the way it's written, because it says specifically replacement is not to be exempted but if it is retooling or something like that and that is really rather unclear, then they say then you get the exemption.

SENATOR SCHMIT: Thank you. Senator Landis, is that basically the manner in which the Goodrich-Landis amendment is drawn?

SENATOR LANDIS: Would you restate the question, Senator Schmit?

SENATOR SCHMIT: As I understand Senator Newell explaining your amendment indicates that an existing industry that purchased an identical piece of equipment as a new industry would not be tax exempt unless it were in effect starting up a new line. Is that right?

SENATOR LANDIS: Okay, since I guess we've got it, then the way the question is structured, let me give you my understanding and see if I answer you and then I will check with you.

SENATOR SCHMIT: All right.

SENATOR LANDIS: An existing company replaces machinery, no exemption. An existing company adding a new line, buys a piece of equipment, a piece of equipment that might well be identical with what a new manufacturer was going to start up does, gets an exemption.

SENATOR SCHMIT: But if the equipment is identical with what

April 13, 1981

LB 3

a new manufacturer is using but it is used in the same line of work that the industry has used in the past, no exemption?

SENATOR LANDIS: No exemption.

SENATOR SCHMIT: The determination will be made by....

SENATOR LANDIS: The Department of Revenue.

SENATOR SCHMIT: Okay. Let's just assume that this applied to agricultural equipment, which it might not, which does not, of course.

SENATOR LANDIS: It does not but, all right.

SENATOR SCHMIT: Suppose that I were to go from the raising of corn as an industry, I go from the raising of corn to soy beans and requiring a different kind of harvesting equipment or planting equipment, if it were under industry, would that qualify then?

SENATOR LANDIS: You have changed your line, you've diversified, yes. If you have got new equipment that is just there for your new soy bean line, that is exempt, but we are not talking about agriculture.

SENATOR SCHMIT: Okay, but do you have any idea what it would cost to exempt agricultural equipment?

SENATOR LANDIS: I do not.

SENATOR SCHMIT: Do you have an idea, Senator Newell?

SENATOR NEWELL: Between 18 and 20 million and I have the amendment up there already.

SENATOR SCHMIT: What...what...what was that?

SENATOR NEWELL: Between 18 and 20 million.

SENATOR SCHMIT: To exempt agricultural equipment?

SENATOR NEWELL: Right, that is correct.

SENATOR SCHMIT: Annually?

SENATOR NEWELL: Annually.

SENATOR SCHMIT: Annually?

SENATOR NEWELL: Annually.

April 13, 1981

LB 3

SENATOR SCHMIT: Do you mean to tell me, Senator Newell, that rural people pay between 18 and 20 million dollars of sales taxes on just the equipment we purchase alone?

SENATOR NEWELL: That is correct.

SENATOR SCHMIT: Well, I am thunderstruck. I guess everyone else pays as much as I do. Okay, thank you.

SENATOR NEWELL: It's slower this year because of the present economic situation, but in the past that has been it.

SENATOR SCHMIT: Mr. President and members of the Legislature, I think the point is well taken. I supported LB 3 in its original form. I believe I support it with the Goodrich-Landis amendment, but I want to point out at this time some of the arguments we had in the past here relative to where the sales tax comes from. I think Senator Kahle is going to try to make that point a little later on. There are substantial amounts of sales taxes paid by rural people not going to be exempt in this instance. Those exemptions which are going to be granted to industry are going to give that industry, we hope, a better chance as Senator Landis pointed out to come into this community, into this city, into the state, provide jobs, provide resources, new income, new economic incentives. It is kind of interesting to have some of the support we have on this bill. I wish it could be broadened, but I think the question has been answered as to the impact. I would hope that at some point in time that some persons who perhaps have been somewhat negative in their assessment of the value of agricultural income and agricultural expenditures would remember that figure given us by Senator Newell. We are only going to have a fiscal impact of 6 or 8 million dollars when we exempt the industrial equipment annually. Whereas we exempt approximately two and a half or three times that much if we were to take the agricultural equipment into consideration. If you have any idea then as to whether or not the agricultural industry or the industrial industry is the more important to the State of Nebraska, I believe that those figures would tell you the story.

SPEAKER MARVEL: You have 30 seconds.

SENATOR SCHMIT: Again, I support the bill. I support it with the amendment as proposed, and I think that we are going to have a little trouble in the future determining whether or not it is a new line or an existing line, and

April 13, 1981

LB 3

I would suggest there will be a lot of hazy area there but that can be fought out at a different time and a different form.

SPEAKER MARVEL: Senator Wesely, then Senator Kahle.

SENATOR WESELY: Thank you, Mr. Speaker and members of the Legislature, I was going to call for the question but having talked to Senator Kahle and other members of the Legislature, it seems as though there is a need for more discussion so let me put my two cents worth in at this time. I think that I am on record for having been very concerned about exemptions in our present tax laws, but I think that what is proposed today with the Landis-Goodrich amendment to this bill is an exemption which I can support. I think it is a necessary step to take at this time for a number of reasons. I think first off we have to keep in mind Nebraska has got to be competitive with other states in attracting new industry and at the same time we cannot discourage our present industry and businesses in this state from expanding their own facilities, and my concern is that the present committee amendments, in fact, discriminate against our present Nebraska businesses and industries, which is, I think, unfair because it is those businesses and industries which have served our state well, have employed our workers, and I think they deserve to be provided for an incentive to expand their operations and stay in Nebraska and encourage them to remain here in the state and serve the state. At the same time, I think we do need to encourage new industry to come into the state so we have jobs for our people. So I guess I would say that with the committee amendments I could not support the bill because it would discriminate against current Nebraska businesses and industry. But with the Landis-Goodrich amendments I think we do create a fair situation and a fair incentive for both new industry coming into the state and for existing industry already operating in Nebraska. I think that when we talk later I think Senator Newell has an amendment concerning the retooling of our present plants in the state and providing for an exemption in that area as well. I am not sure exactly what his amendment would do. I would like to discourage that activity. I think that what we are trying to accomplish with this bill is to make sure that Nebraska is competitive with other states and that is really an important factor, I think, in today's economic climate. But I think also the broader question of retooling our present manufacturing plants in this country is a question that is more appropriately dealt with on the national level, and I would encourage our

April 13, 1981

LB 3

Congressional delegation to take this to heart that we do need to provide incentives for retooling our present sagging plants and manufacturing facilities in this country, and that I think that that is an effort that should be done nationally, because I think that is something that is not more appropriately done on the state level and the cost to the state is so extreme when we would take that step that I think that it is a much more appropriate thing to do at this time, to encourage new industry to come into Nebraska and for current industry to expand, and so I think that when we discuss the matter further about the idea of encouraging retooling and putting in new equipment is one that this body, the Nebraska Legislature, is not the most appropriate body to deal with, but I think we should encourage our Congressional delegation to take steps in this direction and to realize that the problems we have had internationally with trade have been primarily because of our disincentives for investment, our disincentives to invest our capital and to creating a very modernized manufacturing units in our country, that we have fallen behind the Japanese, we've fallen behind our Western European allies and we are losing in the battle internationally, and that international battle is one Congress should be concerned about and one which we should fight at that level and one which this Legislature should encourage people to deal with at that level, but Nebraska itself is really not in the best position to deal with that, and I think it would not be appropriate to deal with. So I think what Landis and Goodrich have proposed here is the best step to take at this time. It is the most appropriate thing for the Nebraska Legislature to do. It should mean new jobs. It should mean expanded industrial tax base, and I think it certainly is an economic boost to our state. There have been a number of studies done showing the ranking in Nebraska with our business climate and I think nobody needs to apologize for our ranking nationally on our business climate. I think one study which I have from Alexander Grant in Chicago indicates that we are ranked 20th in the country in terms of business climate and incentives to business.

SPEAKER MARVEL: You have one minute.

SENATOR WESELY: Thank you, Mr. Speaker. That we were ranked 18th last year, so I think we do stand well in this nation, and I think that we do offer incentives for businesses to come to Nebraska, but it seems as though this one area concerning the use tax...the sales use tax has, in fact, discouraged our potential acquiring of new

April 13, 1981

LB 3

industry, that we have lost some jobs as a result and it makes sense to me to step up our efforts in this area and this amendment would help, I think, us nationally to be competitive with other states in acquiring this sort of industry and expansion. So I do support the Landis-Goodrich amendments. I would oppose further amendments to the bill and certainly would not support the committee amendments.

SPEAKER MARVEL: Senator Carsten.

SENATOR CARSTEN: Thank you, Mr. President and members of the Legislature, I rise in opposition to the Landis-Goodrich amendment. They very cleverly, very cleverly bypassed the committee's philosophy and amendment, and I want to point it out to you. The committee says that for new industry coming into Nebraska and for start-up we will grant exemption to the sales and income tax, but once that industry is here and in operation and if they have done well enough that they want to expand, then they are on their own just like I am as an individual farmer out on the farm trying to expand my equipment to do a little bigger job. Now that to me, ladies and gentlemen, is a fair analysis, and while we are sympathetic to try and get new industry into Nebraska, we do not believe we need to bend over backwards with the sacrificing of those of us that are here that are basically agriculture. And I assure you, Senator Landis and Senator Goodrich, if you are successful, you will see an attack on our tax structure in the sales and use tax that you have never seen before, and it is the duty of the Revenue Committee to provide for and keep from eroding the tax structure of the State of Nebraska and that's what our committee has done with our committee amendment. One other thing that you have done very cleverly, you have exempted worn out equipment. Well, once you replace a worn out piece, very easily an improved piece of equipment that has come on the market after the original can very well be new equipment. I think we are being hoodwinked here. I think you need to look at this amendment. Read it thoroughly, and I assure you, gentlemen, that if you are successful, I will be the first one in here next year with a bill to exempt new and replacement farm equipment from the sales and use tax and you had better support it. Then we will have an \$18 million impact on the State of Nebraska as has been stated before, and that \$18 million is a combination of industry and agriculture, not agriculture alone. Thank you, Mr. President. I hope you turn down the amendment.

SPEAKER MARVEL: Senator Kahle.

April 13, 1981

LB 3

SENATOR KAHLE: Mr. Speaker, members, Senator Carsten has stated my views and this is the reason I would ask you to call on him first, he is Chairman of the Revenue Committee. I think that I could support the bill for the new facility and the new equipment but there is just nowhere to draw the line when you go any further. You say worn out equipment is not going to be included if it has to be replaced. How much equipment do you put back today that could not be classified as upgraded or in some way better than the old and reclassified? To give you an example, the farm machinery. If you went today to replace a corn planter that you bought ten years ago, you would find an entirely different machine with a lot more gadgets on it and a lot more things on it that we didn't have that long ago. So if you want to leave the bill as it was so that just new machinery in a new facility, I think I could buy it. I reluctantly voted it out of committee. Happened to be the vote that brought it out, by the way. So I cannot support the bill if this amendment is added, and I might also say if this amendment carries, I have one ready to go for farm machinery. Thank you.

SPEAKER MARVEL: Senator Newell.

SENATOR NEWELL: Mr. President and members of the body, I rise to oppose the Goodrich-Landis amendment and also to take this opportunity to tell my colleagues on the Revenue Committee, I told you so. I told you if you let this bill out of committee that they never stick to the committee amendments. I said, you know, this is an old game and we ought to learn it by now. I said, you know, what is going to happen is we are going to send this out with some committee amendments that you very sincere individuals believe is the only way we can deal with this issue if we are going to deal with it at all, and they are going to strip them off on the floor because in the end, you know, not very many people have served on the Revenue Committee, they don't understand the continual loss, and loss, and loss of tax base. They don't see how this all fits in. They don't realize that we have to draw some logical lines, because if you don't draw logical lines somebody comes in the next year and says, well you did it for manufacturing equipment, you ought to do it for machinery, you ought to do it for farm machinery, you ought to do it for some other areas and some other categories, and you know, if you don't draw these nice neat lines that at least you can justify, then there is all kinds of justifications that come in the next year, and many of you people who do not serve

April 13, 1981

LB 3

on the Revenue Committee may know this game. It is played periodically, frequently, far too frequently, and is a continual erosion of the tax base. Let me just kind of frame this for a second in terms of this big... we're going to bring in business. I would like to assure everyone of you on the floor today that I would like to bring in all the industry that I could possibly bring in and I would like to locate it in my district where there is a great deal of unemployment. In fact, I would really prefer to bring it into my district more than just bring it into the state because there is a great deal of unemployment, but I would like the industry to come to this great state, and I know as well as you that four cents on equipment isn't going to bring any new industry into the state. They come here for all kinds of other reasons and even if they look at taxes, they look at the corporate income tax, they look at the property tax, they look at everything else before they look at the measly three or four or four and a half cents. I mean, Ronald Reagan and the new administration is doing a much better job. They said they are going to bring the depreciation. We are going to have accelerated depreciation. We're going to give them ten percent a year or in some case twenty percent a year depreciation so they can take that off their income tax and that is a much preferable and much more enticive thing to bring in new industry or to encourage industry, to encourage re-tooling. We're not going to bring any new industry with this bill. All we are going to do is erode the tax base if the Landis-Goodrich amendments get tacked on. You know, I would hope that this body is ready to draw the line at a reasonable place. I am not sure that we should have ever let this bill out of committee, but I think that the committee ought to be defended in this situation because they tried to bring a bill that would do...and amend a bill that would do what the committee, the introducers of the bill asked to be done, basically encourage new industry, bring in new jobs, not exempt existing industries, which basically this bill was written to do and what this amendment will still allow to be done. I would urge the rejection of the Landis-Goodrich amendment. It is not correct. It won't do the job. It is going to cost us money and no one knows exactly where we will be able to draw the line, because if this comes in, Senator Kahle's amendment will be next and it will be just as legitimate as this and so will a number of other exemptions that will be brought forth. I would urge this body to reject the Landis-Goodrich amendments.

SPEAKER MARVEL: Senator Lamb.

April 13, 1981

LB 3

SENATOR LAMB: Mr. President and members of the Legislature, I have listened to this debate but I have a question for Senator Landis if he would yield, please.

SENATOR LANDIS: Yes, Senator Lamb.

SENATOR LAMB: I would like to ask a question which would give me an answer that I haven't gotten from all this debate. If I have a factory which manufactures and I have a machine that manufactures say a hundred buggy whips a day, but my machine is worn out now and so I buy a new machine which but this machine will manufacture a hundred and fifty buggy whips a day, do I get this favorable tax treatment on this total machine even though it is doing both things? It is replacing a worn out thing and it is also increasing my productivity by fifty percent.

SENATOR LANDIS: I would say no. In other words, if it is a strict...if it is simply a more efficient machine that does the same operation, no, I don't think so. What we are talking about here is, we are talking about new diversified or expanded operations, and I think all that is is the replacement, although with a slightly higher productivity of exactly the same function.

SENATOR LAMB: But it is expanded....

SENATOR LANDIS: The function does not change.

SENATOR LAMB: See it's expanded because in looking at your amendment it says, expanded equipment, equipment that would expand my business would be eligible. So I am expanding it from a hundred buggy whips up to a hundred and fifty. That's clearly expansion. On the other hand, it is replacing the machine which produced only a hundred a day. So it is doing both things, it's expanding, it's also replacing, so how does the Department of Revenue determine whether or not I am eligible?

SENATOR LANDIS: Let me answer the question, and that is that when this amendment gets interpreted and they take your opinion and my opinion and weigh them, they are going to give my opinion more substance than yours because my name is on there as an introducer. That is simply the matter of legislative history and the ways that you use legislative history in defining what language means and that is the introducer's statement of purpose or intention governs. So it's between our two definitions the Revenue Department will look to my words

April 13, 1981

LB 3

and they will say, oh, Senator Landis says that that is not what we are talking about when we talk about new language there.

SENATOR LAMB: Well, of course, that is part of the reason for getting this on the record. On the other hand...(interruption).

SENATOR LANDIS: Well, I'm on the record now, Senator Lamb.

SENATOR LAMB: On the other hand then, if I am this manufacturer and I have one more question then it would be to my advantage to buy a machine which will replace the old machine and only manufacture a hundred a day, and then buy another new machine which will clearly be for expansion. So instead of incorporating this all in one machine I will now...this will be an incentive for me to buy two machines, one to replace the old worn out machine and another machine which would clearly be for expansion. These are some of my problems. Another problem, and I don't think you heard that one but it was a pretty good one. Another one is you are saying industry and I have a question similar to Senator Kahle's in that a feeding...livestock feeding industry is an industry that can be located either in this state or another state or practically, or there is a choice. Now if you get down to producing crops, you are not going to shift that from one state to another so I can see that by giving an incentive on a combine you are not going to change the amount of wheat or corn that is produced in this state. But as far as the feeding...a feedlot is concerned, that is not true. You could either have the feedlot over in Kansas or you could have it over in Nebraska depending on the tax treatment. So the other thing I am bringing up at this point is that I see no clear reason for not granting this same tax break to a livestock feedlot because that would be bringing an industry into this state that may not choose to locate here if the tax situation were more favorable in another state. I don't want to think that I am badgering the bill. I think I will support the bill, but I do want to just point out some of the possible problems with the bill. I support the concept of what is trying to be done here. I am not sure it is not without some problems. Thank you.

SPEAKER MARVEL: Senator Burrows.

SENATOR BURROWS: Mr. Chairman and members of the body, I think the amendment to the committee amendments has been explained as if it were written with the word "and"

instead of "or". When you go through the language it is new, diversified or expanded manufacturing or processing equipment. Now when you put "or" in, that means any one of those are the qualifications and it leaves the barn door wide open, and goes back to doing approximately what the original bill did before the committee amendments. It leaves the bill wide open for plants to replace maybe not worn out but equipment that is outmoded with new equipment to eliminate jobs. More productive equipment, and they can retool, eliminate jobs in that plant and then draw it. I will certainly oppose the bill and I think other amendments...I think if we do this for business, we should very well include farm equipment as an exemption in the bill. There is no rationale on this as far as promoting more jobs if we open the barn door wide open by passing this amendment to the committee amendments. It just sets the bill back to what we started working with in the committee, and it was agreed in the committee if we didn't hold the committee amendments we were not going with the bill. I did not like the concept even with the committee amendments, but at least it was tolerable and this becomes just another tax loophole and approximately a \$5 million handout, and I think it is a big charity case to take for the industry of this state to give them about \$5 million. Thank you.

SPEAKER MARVEL: Senator Fowler.

SENATOR FOWLER: Mr. President, based on the last speakers I thought maybe we were developing urban-rural split on this issue, so I thought I would join with the rural Senators and oppose the Landis-Goodrich amendment and stand up and speak for the Revenue Committee that I think is serving as kind of guardians of our tax base at this point. Senator Goodrich is claiming that somehow you exempt something like this and there will be no loss of revenue. I would say that perhaps the Revenue Committee and Senator Carsten are those who are more able to analyze whether or not there would be loss of revenue. I cannot believe that in the decision of Kawasaki to dump an unproductive snowmobile line and try and move to a better product that the determining factor is going to be the sales tax. I think that there are far more other considerations and that, in fact, basically all we are doing is rewarding unproductivity at Kawasaki by giving a special break to them. I think we are going to lose revenue. The City of Lincoln is saying that it is so tight on revenue that it's come in with a bill to raise court fees and demanded that that happen. The City of

Omaha says that it is so short of revenue that it has demanded, pleaded, begged that we raise their sales tax. The State of Nebraska is so short of revenue that we can't absorb any of the cost of Medicaid and we can't build a Vet School. Then here comes a bill that will cost from five to eight million dollars in revenue and nobody is saying that we seem to lack it except the Revenue Committee. I think that is because the Revenue Committee realizes full well that we are short of dollars. Now Senator Wesely is claiming that somehow this sales tax in Nebraska will solve America's industrial problems. Now I think that, in fact, the industrial problem is not a problem of appropriate subsidies. The problem of the American industrial enterprise right now is one of productivity, and I would say again that this bill is an incentive, the Goodrich-Landis amendment at least, is an incentive to poor productivity. What we are saying is that if an industry manufactures something like snowmobiles and does it in a way that it is not competitive, that it is losing its money, we will give them a four percent break to get out of the unproductive line and start something new. But if an industry is building a product well and does not want to change, and does not want to open a new line, if you have a brewery in Omaha that is manufacturing beer and wants to continue to manufacture beer, we are not going to give them a four percent subsidy to retool. We are not going to provide, as Senator Lamb indicates, a subsidy for getting a more efficient machine to make more buggy whips. But if a company is doing a poor job of manufacturing something and they want to try something else, we will say, we will forgive a certain portion of your tax. It is these types of so-called incentives that, in fact, are feeding the lack of productivity in the United States, and that rather than giving these sorts of exemptions to people that want to switch and try something new because they are not doing very well in the line that they are in now, we should provide an incentive to those that are doing the job well, the existing industries in this state that have stayed with this state, that have built the state. I think for that reason the Landis-Goodrich amendment is poor economic policy and as Senator Carsten has pointed out it is poor tax policy.

SPEAKER MARVEL: Senator Higgins.

SENATOR HIGGINS: Mr. Speaker, Senators, when I came down here somebody asked me how I was going to vote on agricultural bills and I said, you know I don't know a

April 13, 1981

LB 3

thing about farming so the best thing I can do is ask an agricultural Senator who I respect their judgment. There has been so much debate on this particular bill. I don't know now if I want to ask a question about the amendment or the bill. But I have got three questions and I would like to ask the first one of Senator Schmit and the other two of Senator Goodrich or Senator Wesely. Senator Schmit, are you here? If he isn't here, who is the agricultural Senator on that side, Senator Lamb?

SENATOR LAMB: Anything you want to know.

SENATOR HIGGINS: Okay. Does agricultural equipment at this time receive any type of exemptions, tax exemptions?

SENATOR LAMB: Not as far as sales tax exemption is concerned, no. It does, you know, we took the property tax off agriculture equipment with LB 518.

SENATOR HIGGINS: And livestock?

SENATOR LAMB: And livestock and business inventories, yes.

SENATOR HIGGINS: Thank you, Senator. The other question I have got, Senator Goodrich, how many people does the average farmer employ and how often when they buy a new combine or another 160 acres of land, how many new people do they employ when they do this? Maybe you are the wrong one to ask. You're not from the farm.

SENATOR GOODRICH: When you are limiting it to farm.... average farm, I think you better go back to Senator Lamb.

SENATOR HIGGINS: Senator Lamb, would you tell me....

SENATOR GOODRICH: He is one of the smaller farmers in the state.

SENATOR HIGGINS: If you bought another 160 acres of land, maybe you bought a new combine and thrasher or whatever they call those things, how many new employees would it take to farm another 160 acres, or to run another piece of equipment?

SENATOR LAMB: Well, you can't make any hard and fast rules because this is sort of a progressive thing. You make a decision, am I going to buy a bigger piece of machinery or am I going to hire another man and run the one I have longer? You know, it could go either way.

April 13, 1981

LB 3

There is no hard and fast rule on that. It kind of leapfrogs along, you know. You buy a bigger tractor, then you have more capability than you have land, and then you are looking for some more land to come up to that capability that you have in machinery. So it doesn't always fit in a neat pattern. It is sort of a reason that farmers are not all successful. Some are more adept at making those decisions than others.

SENATOR HIGGINS: Do you know of an average size farm in Nebraska and the average number of employees they have?

SENATOR LAMB: Oh, I...that would be merely a guess. It...I would say that most farms have about two employees. I don't know whether that is an average or not, but usually a farm...let me say this, a good operating unit with a family farm is more than one worker. It is usually two or three workers per farm. Now I don't suppose that is average, but that is a good efficient... I think most people say a fairly efficient unit.

SENATOR HIGGINS: Just one more question and then I want to ask Senator Goodrich one. Is a thousand acres a big farm or a little farm?

SENATOR LAMB: Okay, that would depend on whether it is in the Sandhills or if it is down in eastern Nebraska. A thousand acres in the Sandhills is very, very small. A thousand acres down where Senator Kahle lives is a good sized operation in the irrigated farm. The productivity is probably on the...oh a hundred, at least a hundred times or maybe five hundred times greater on an irrigated farm down in the Platte Valley than it is on a Sandhill ranch up in one of the Sandhill counties. So there is so much variation in the state that it is very difficult to put an acre size on an efficient operation. Volume has a much better connotation as far as efficiency of size or adequate size.

SENATOR HIGGINS: Thank you, Senator. Senator Goodrich.

SENATOR GOODRICH: Yes.

SENATOR HIGGINS: Could you give me the city side of that now?

SENATOR GOODRICH: Okay, it really doesn't make any difference, Marge, whether you are talking about combining or manufacturing widgets. The essence of the Landis-Goodrich

April 13, 1981

LB 3

amendment is such that we are trying to denote a distinction of increased productivity, and whether you are manufacturing widgets or combining wheat, or whatever you are doing, one man, for example, can run the machine. If he runs the machine as it exists now and he manufactures 400 widgets per hour, we'll say, that is one thing. If he can expand his productivity to 600 widgets by running a new machine, an increased productivity, an increased or a more modern technology, you have got the same man running the same machine plus the fact that you are increasing your productivity of a plant, and that's....

SPEAKER MARVEL: Thirty seconds.

SENATOR GOODRICH:and that's the very thing, for example, that has put us behind in the United States between Japan, Germany, all the countries that we're losing productivity comparison with their workers because they are expanding new plants, for example, and new technology of equipment and that sort of things, and we have got to catch up with them. We have got to be able to replace that equipment with increased productivity so that the same number of people can produce more and if we get that job going, get that cycle going, we get two people producing three times as much as what two people would.

SPEAKER MARVEL: Your time is up.

SENATOR HIGGINS: Thank you, Mr. Speaker.

SPEAKER MARVEL: Senator Hefner.

SENATOR HEFNER: I call the question, Mr. Chairman.

SPEAKER MARVEL: The question has been called for. Do I see five hands? I do. All those in favor of ceasing debate vote aye, opposed vote no. Shall debate cease be the issue. Record.

CLERK: 25 ayes, 0 nays to cease debate, Mr. President.

SPEAKER MARVEL: Debate is ceased. Senator Landis, do you wish to close?

SENATOR LANDIS: I do, Mr. Speaker, and I will just use a little of my time and then defer the rest of it to Senator Goodrich. In reading the papers about Motner Labeledz and her role in the Legislature, and I thought

we heard from Big Daddy Carsten this last speech and the back of my hand is still stinging from that speech, and I respect the admonition that was given to the body and will try to keep myself mindful of it, but I still think this particular proposal is a wise one. We do exempt from the general tax base for social purposes. Senator Newell continually asks this body to exempt from the tax base the sales tax on food for a social policy, to obtain a social good. I support him in that case. I support this exemption from the tax base for the social good that it seeks to accomplish and that is to encourage economic growth. Economic growth means a healthy economy. It means jobs. I represent a blue collar urban district and the things in the households of my constituents that are foremost are number one, the ownership of the home and, number two, the maintenance of a job, and those things are vital, and I am representing my constituency when I come up here and argue for economic growth and job security. With respect to the issue of agricultural exemptions and the fact that we are promised an attempt to expand this idea with respect to agriculture in the coming years, there is the basis for rational distinction here to be made. These are not the same things. Recall if you will the personal property exemptions. We do not tax agricultural equipment under the personal property tax. We do tax industrial equipment. There is a flip-flop there. There is a distinction made there and we simply have the mere reflection with LB 3 in the Landis-Goodrich amendment. I see no reason to suspect that there is some inadequacy or some inequity between the two by maintaining the existing distinction but reversing it with respect to the sales tax under the Landis-Goodrich amendment. I simply want to indicate that I think that it is wise tax policy. It is the use of the tax base, the manipulation of the tax base to achieve a valuable social end, which I believe the State of Nebraska can profit by and certainly my constituency can profit by. I don't have any executives from the Kawasaki plant. I probably don't have any stockholders. I do have job holders and they are interested in keeping a strong tax base, interested in keeping a strong economy and interested in keeping a variety of vocational opportunities in this city, and that is why I support the Landis-Goodrich amendment. I will defer the rest of my time to my colleague, Senator Goodrich.

SPEAKER MARVEL: Senator Goodrich.

SENATOR GOODRICH: I would just like to make six quick points. Number one, I gave the constitutional problem

April 13, 1981

LB 3

to Senator Carsten and Mr. Norton, his Revenue Committee Attorney, approximately a week ago. I had just gotten the question after a conference with the Attorney General's Office. They said there was a constitutional problem with it, so I brought it to Senator Carsten. I did not try to hide it from him. I would remind the body that the purpose of this amendment...of the Goodrich-Landis amendment is and it does eliminate the constitutional problem with the bill. It is a bill that both businesses... you have all gotten the letters from the Chamber of Commerces...business and labor both have fully endorsed the bill. All of the Nebraska communities can benefit from this. This is not an Omaha bill. This is not a Lincoln bill. This is a bill all across the State of Nebraska. All of your communities can get economic benefit from and the attracting of industries into your communities. Just witness, the State of Kansas, all across the State of Kansas, Oletha, Manhattan, Topeka, the whole...Wichita, all across Kansas the factories are coming in. All of the old plants that increase productivity with the replacement of equipment, all of the new plants or the expanded plants benefit, yet at the same time we have eliminated, there is absolutely no fiscal impact to the bill in the amended form of the Goodrich-Landis form of the bill. We have eliminated that \$6 million fiscal impact. There is none any more to either the state or the communities, like Omaha, Lincoln, Bellevue and North Platte, the cities that have the sales tax. I would strongly urge the adoption of the Goodrich-Landis amendment to the bill.

SPEAKER MARVEL: The motion is the adoption of the Goodrich-Landis amendment to the committee amendment. All those....okay, all those in favor of that motion vote aye, opposed vote no.

SENATOR NICHOL PRESIDING

SENATOR NICHOL: There are five excused. Have you all voted? Senator Goodrich.

SENATOR GOODRICH: Mr. President, I hate to do it but I am going to ask for a Call of the House and a roll call vote. I got to have this thing decided one way or the other.

SENATOR NICHOL: The question is, shall the House go under Call? All those in favor vote aye, opposed no. Record.

April 13, 1981

LB 3

CLERK: 10 ayes, 6 nays to go under Call, Mr. President.

SENATOR NICHOL: The House is under Call. Will all those take their seats and will the Sergeant at Arms please find those who are not present. Unauthorized personnel please leave the floor. Please indicate your presence, please. Those excused are Beutler, Clark, Cullan, Kremer and Haberman. Senator Warner, Senator Lamb, Senator Maresh, Senator Hoagland, Senator Barrett, Senator Chambers, Senator Pirsch. Looking for Schmit, Warner, Barrett. Senator Goodrich, we are waiting only for Senator Schmit, do you wish to proceed, or do you want to wait? Proceed.

CLERK: (Read the roll call vote as found on page 1444 of the Legislative Journal.) 17 ayes, 24 nays, Mr. President. Mr. President, Senator Newell had an amendment to the committee amendments found on page 1412. Do you still need that, Senator? That was to the Goodrich-Landis amendment. That was the one you had printed... okay, you no longer want it. Senator Newell wishes to withdraw, Mr. President. Yes, sir. Mr. President, the next one I have is, well, Senator Newell, you don't need this one, it's to the Goodrich amendment. Yes, I have got a couple ahead of you though, Senator. Senator Burrows, do you still need yours? Okay. Senator Kahle. All right. Mr. President, we now have the committee amendments before us then.

SPEAKER MARVEL PRESIDING

SPEAKER MARVEL: Senator Carsten.

SENATOR CARSTEN: Mr. President and members of the Legislature, I renew my motion for the adoption of the committee amendments and I am not going to take but just a moment. When I was first approached about this problem that then existed in Omaha, I was sympathetic to try and bring new industry into Nebraska, and I still am. And I believe that the committee amendments does make it inviting for new industry to look at Nebraska favorably and to give them that initial break, but once they are here they are on the same level as everybody else, and I think that is the way it should be. If they improve and do well as we expect them to do, and want to expand whether it be into a new product which we will give them some favorable reaction also, or whether it is merely an expansion of the original product, they certainly can feel free to do so. I believe that the committee amendment is constructive to the State of Nebraska and will have an impact eventually on our tax structure that is favorable, and one that is

April 13, 1981

LB 3

not unfavorable. With that, Mr. President, members of the Legislature, I again ask you for the support and the adoption of the committee amendments. Thank you.

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

CLERK: 36 ayes, 0 nays on adoption of the committee amendments, Mr. President.

SPEAKER MARVEL: (Microphone not on)....adopted.

CLERK: Mr. President, I now have an amendment from Senator Newell to amend LB 3 to add a sunset provision to be effective July 1, 1985.

SPEAKER MARVEL: Senator Newell.

SENATOR NEWELL: Mr. President and members of the body, very quickly, I offer this amendment to sunset this exemption and the reason is very simple. There has been a lot of talk about bringing new industry into the state, and we have bought over the years a number of proposals that are supposedly going to do this and supposedly going to do that and might do something else again, and I would like to offer this sunset for the very simple reason that it gives us four years from which we can review the effects of LB 3 and to find out whether or not it does what it is supposed to do, encourage new industry to come into the state. Now I would think that this Legislature is concerned about the tax base, and you have shown that with the defeat of the Landis-Goodrich amendments, and I think that you also would like to know more clearly whether or not we get what we pay for in the overall proposal, and so I offer this sunset provision so that we can review this again. If it is bringing industry into the state, if it is doing its job, if this proposal is doing what it is supposed to be doing, then this Legislature will obviously extend it. If it is not, then I think we need to know that so that we can cease this kind of exemption. I would urge the body to accept this sunset provision. It gives us four full years from which we can analyze the effects of LB 3.

SPEAKER MARVEL: Senator Goodrich.

SENATOR GOODRICH: Mr. President and members of the body,

April 13, 1981

LB 3

I would strongly urge you would reject the Newell proposal for a sunset. He seems to have sunset on his mind these days. He is trying to sunset everything except the kitchen sink, I guess it is. However, I would suggest that if you are going to build a plant or if you're going to have...somebody is considering coming to Nebraska that can build a plant, and believe me we need some of them because we have got some people sitting on the benches in Omaha waiting for somebody to call them to work, and they are in Grand Island and they are in Kearney, and they are all over this state, because I happen to have a contract going in Grand Island, Nebraska, I might have one very shortly in Kearney, and there is people begging me to please hire them for the project, for Pete's sake. There is people all over this state looking for jobs, and yet we get this kind of a legislation as an incentive to get somebody to come into Nebraska and open a plant and somebody wants to sunset the bill. Well, it takes years to plan these things. You don't plan these things one day and build them the next. I happen to know several different plant expansions, one is specifically \$22 million plant expansion that is coming to Nebraska. It has been planned for two years. It will be two more years before it even gets started. You cannot do these things in one year or one week. Of course, I wouldn't expect somebody that never had anything to do with the development of a progressive piece of legislation to understand that sort of thing. But I do strongly urge this body, for Pete's sake don't sunset this bill. It's crazy enough as it is.

SPEAKER MARVEL: Senator Lamb, and then Senator Hefner.

SENATOR LAMB: Well, Mr. President and members of the Legislature, I certainly oppose this motion to sunset this bill. As Senator Goodrich has said, this is not something you turn on and turn off from year to year. These plans are made far in advance and if these companies don't have the assurance that this will stay in effect at least long enough to get their plant built, they will certainly be hesitant about coming into the state. I don't think there is really any logic in sunseting it. If there are 25 votes in this body to change the tax structure, then that can be done without any specific sunseting in the bill. I oppose the motion.

SPEAKER MARVEL: Senator Hefner.

SENATOR HEFNER: Mr. President, colleagues, I rise to

April 13, 1981

LB 3

oppose this amendment. I feel like Senator Lamb and Senator Goodrich that we need to provide a long term solution to our problem and that problem is to try to attract new industry to the State of Nebraska. With our Department of Economic Development in the State of Nebraska working to attract new industry, new manufacturing to the state, we need to work on a long term basis, not just on two or three or a four year basis. And it is true, if this body sees fit in a few years to discontinue this, it only takes 25 votes in this Chamber to change that. But I say to you here this afternoon, let's go ahead and pass this bill without the sunset provision, and see what we can do with it. I am sure that we can attract many new industries, new manufacturing plants that will provide additional jobs to our employees here in the State of Nebraska. I urge you to vote down the Newell amendment.

SPEAKER MARVEL: Senator Vard Johnson.

SENATOR V. JOHNSON: Mr. Speaker and members of the body, I, too, rise in opposition to Senator Newell's amendment. The reason I oppose Senator Newell's amendment is because I think that my colleagues, Senators Hefner and Lamb, have made some excellent points, and the points that they have made very simply is that if you provide a special tax provision which someone will rely on for a relatively lengthy period of time, then that provision ought not to be sunsetted. Now, Senator Lamb and Senator Hefner, what you said about this sunset provision is equally applicable to the Omaha half-cent sales tax that you want to sunset. We, in Omaha, are as entitled to rely on the continuation of that half-cent sales tax authorization as manufacturers are to rely on the continued existence of this exemption. I am going to vote against Senator Newell's amendment. I am confident that the two of you plus any others who have thought about sunsetting the Omaha half-cent sales tax will likewise now vote against any attempt to put a sunset provision into the Omaha half-cent sales tax authorization bill. Thank you.

SPEAKER MARVEL: Senator Koch.

SENATOR KOCH: Mr. Speaker, I move the previous question.

SPEAKER MARVEL: Do I see five hands? Okay. All those in favor of ceasing debate vote aye, opposed vote no.

CLERK: 25 ayes, 0 nays to cease debate, Mr. President.

SPEAKER MARVEL: Senator Newell, do you wish to close?

April 13, 1981

LB 3

SENATOR NEWELL: Mr. President and members of the body, I was shocked at some of the things my good friend, Senator Goodrich, said, but you have to have a thick skin and kind of let those things go by, and I have developed one over the years, and I guess I was kind of taken back by the amount of opposition to the sunset. It seems that the sunset provisions, you know, maybe four years wasn't long enough and maybe ten years might have been a better thing since we are talking about long term implications, and so forth, I thought it would be beneficial to have some sort of review to see whether or not these "tax policies" that are "incentives" will, in fact, do what they were intended to do. I sometimes believe, frequently believe, they don't do what they were intended to do and that is why I offered the sunset. But I am no fool, I can sense that this whole sunset thing has taken on new proportions. I sense that we are not looking at sunsets in terms of looking to review tax policy. We're looking at sunsets in a totally different context and different criteria, something like 284, LB 40, those kind of things. Sensing that, it has come to me the most obvious of truths and that is that the issue here is not as I wanted it to be, not a simple question of sunseting this tax policy issue. It is now a question of sunseting a whole lot of things. So I am going to ask unanimous consent to withdraw my amendment, knowing full well that when LB 40 comes up tomorrow or the next day that there will be no attempts to sunset it and that we have kind of ignored that whole philosophy of sunseting and I thank you very much for the opportunity to get up here and recognize the truths as they presently exist.

SPEAKER MARVEL: The motion has been withdrawn.

CLERK: Mr. President, I have one other motion from Senator Newell. Senator Newell, do you still wish to offer...yes, sir. This is the only one I have left. I have nothing further on the bill, Mr. President.

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

CLERK: 30 ayes, 7 nays on the motion to advance the bill, Mr. President.

SPEAKER MARVEL: The motion is carried. The bill is advanced. We have got...we are down to two amendments, or two issues. If there is no objection, we will try the

April 14, 1981

LB 3, 58, 160, 161, 163,
200, 283, 330, 346, 371,
407, 437, 491.

do you have budget bills?

CLERK: Yes, sir. Mr. President, if I may right before we go to that, your Committee on Appropriations whose Chairman is Senator Warner reports LB 160 to General File, 161 to General File with amendments, and 163 to General File with amendments. Those are signed by Senator Warner as Chairman. (See pages 1457 and 1458 of the Legislative Journal.)

Your Committee on Enrollment and Review respectfully reports they have carefully examined and reengrossed LB 58 and find the same correctly reengrossed, 283 engrossed, and 491 engrossed. Your Enrolling Clerk has presented to the Governor LB 200, 283, 330, 371, 407 and 437.

Senator Johnson would like to print amendments to LB 3, and Senator Johnson amendments to 346. (See page 1459 of the Legislative Journal.)

Mr. President, Senator Warner as Chairman of the Appropriations Committee moves for the introduction of Request #931.

SPEAKER MARVEL: The Chair recognizes Senator Warner.

SENATOR WARNER: Mr. President, I move the bill be introduced. This will be one of six bills that we will be requesting to have introduced. They will cover the general operations of state government, and if they are introduced, I then would ask to have them placed on General File as we normally do so they can be printed immediately. I also would point out that beginning tonight and tomorrow night and other times as requested we will be giving briefings for the members of the Legislature on the appropriations, and you will have a booklet in your offices sometime this afternoon which will summarize each of the agencies' requests and the Governor's, as well as the committee's recommendation for that request. So with that explanation, Mr. President, I move the bill be introduced.

SPEAKER MARVEL: The motion is the introduction of the bill as explained by Senator Warner. All in favor of that motion vote aye, opposed vote no. It takes 30 votes. Record.

CLERK: 33 ayes, 1 nays on the motion to introduce, Mr. President.

SPEAKER MARVEL: The motion is carried.

CLERK: Mr. President, Senator Warner moves to introduce

April 15, 1981

LB 3, 40, 249, 366
LB 35, 379, 381, 392, 479

SPEAKER MARVEL: Record the vote.

CLERK: 14 ayes, 18 nays, Mr. President.

SPEAKER MARVEL: Motion lost. There is still a lot of discussion. Senator Beutler, for what purpose do you arise?

SENATOR BEUTLER: Mr. Speaker, I move to recess until 1:30 p.m. today.

SPEAKER MARVEL: Can we hold that just briefly while we advance LB 249 which is below? Senator Kilgarin, are you there? The E & R amendments to LB 249.

SENATOR KILGARIN: I move the E & R amendments to LB 249.

SPEAKER MARVEL: All in favor of that motion say aye. opposed no. Excuse me?

SENATOR KOCH: Record vote.

SPEAKER MARVEL: On 249? Okay, a record vote has been requested. On the motion to advance, Senator Koch? Okay. All those in favor of the... Okay, the motion now is to advance the bill. We have already advanced the E & R amendments and this or a machine vote has been requested. So, we are voting on the advancement of LB 249. All in favor of that motion vote aye, opposed vote no. The motion is the advancement of the bill. Have you all voted? Have you all voted? Record the vote.

CLERK: Mr. President, Senator Landis requests a record vote. (Read record vote as found on pages 1486-1487 of the Legislative Journal.) 25 ayes, 10 nays, Mr. President.

SPEAKER MARVEL: I have a couple of announcements. First of all, we will return to the bill that is pending. If we don't adopt this procedure you simply lose all the momentum that has been created. So somebody asked the question, do we come back to LB 35 and the answer is yes. In case the chairmen have not received a notice, we will meet at 8:15 a.m. tomorrow in Room 2102 and by this afternoon we will discuss a little bit about appropriation bills so lest you think you are going to have a lot of rest, just come on back this afternoon. Okay.

CLERK: Mr. President, your committee on Enrollment and Review respectfully reports they have carefully examined LB 381 and recommend that same be placed on Select File; LB 3 Select File; 366 Select File, all (Signed) Senator Kilgarin.

Your Enrolling Clerk has presented LB 40, 379, 392 and 479 to the Governor.

April 24, 1981

LB 3, 243, 331

I have one addressed to Senator Beutler regarding LB 331. I have one addressed to Senator Goodrich regarding LB 3 and, finally, Mr. President, I have an Attorney General's opinion addressed to Senator Labeledz regarding a previously issued Attorney General's opinion. That will be inserted in the Journal. (See pages 1553-1566 of the Legislative Journal.)

Mr. President, Senator Fowler would like to withdraw his motion regarding the reconsideration of the failure to advance motion on LB 243.

SPEAKER MARVEL: Okay, the first item of business is item #4, resolutions, LR 60.

CLERK: Mr. President, LR 60 was offered by Senators Koch and Wagner. It is found on page 1529 of the Journal and would read as follows: (Read.) Mr. President, I have an amendment from Senator Koch to the resolution which would add a new whereas provision. After "public schools" in the last paragraph insert "and commends all public schools for observing Law Day."

SPEAKER MARVEL: Senator Koch, we are going to take up your amendment first.

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

SPEAKER MARVEL: You have heard the motion. Is there any other discussion? All those in favor of the adoption of the Koch amendment to LR 60 vote aye, opposed vote no. Have you all voted? We are voting on the Koch amendment to LR 60. Record.

CLERK: 26 ayes, 1 nay, Mr. President, on the adoption of the amendment.

SPEAKER MARVEL: The motion is carried. The amendment is adopted. Senator Koch, do you wish to explain the resolution.

SENATOR KOCH: Mr. Speaker, Senator Wagner and I will just take a minute or two to explain the purpose of this resolution. We all have read the newspapers and know that recently...

SPEAKER MARVEL: (Gavel.) The Chair can barely hear what is going on in the room. I assume you have the same problem.

SENATOR KOCH: We all have read the newspapers recently and we know that a member of this body was invited to speak to a group of students in a community on the purpose and value

April 24, 1981

LB 3, 134, 248A, 327,
328A, 394, 470

SPEAKER MARVEL: Motion carried. The bill is advanced.
Any other items?

CLERK: Yes, Mr. President, if I may, I have Reference Report referring gubernatorial appointments to the Ag and Environment Committee for hearing. (See page 1574 of the Legislative Journal.)

Senator Schmit would like to print amendments to LB 327. (See pages 1574 and 1575 of the Legislative Journal.)
Senator Schmit to LB 328A. (See page 1575 of the Journal.)
Senator Fenger to LB 134. (See page 1575 of the Journal.)
And Senator Carsten to LB 3. (See page 1575 of the Journal.)

SPEAKER MARVEL: We have got two items we are going to take up before we adjourn, and one is LB 248A. Senator Fowler.

CLERK: Mr. President, LB 248A was offered by Senator Fowler. (Read title.)

SENATOR FOWLER: This is the appropriation bill that accompanies Senator Wiitala's retirement bill. I introduced it as Chairman of the Retirement Committee. It was based on the actuarial report and the actuarial assumptions on the fiscal impact of that bill. I would move it be advanced.

SPEAKER MARVEL: The motion is to advance the bill. All those in favor of that motion....all in favor of that motion vote aye, opposed vote no. 248A. It is the second item under General File. Have you all voted? Record the vote.

CLERK: 27 ayes, 0 nays, Mr. President, on the motion to advance the A bill.

SPEAKER MARVEL: Okay, the motion is carried, the bill...(Mike off). Item 470. LB 470.

CLERK: Yes, sir. Mr. President, LB 470 was introduced by the Business and Labor Committee and signed by its members. (Read title.) The bill was first read on January 20, referred to Business and Labor for public hearing. The bill was advanced to General File. There are committee amendments pending, Mr. President.

SPEAKER MARVEL: Senator Maresch.

SENATOR MARESH: Mr. Speaker and members of the Legislature, this bill puts Nebraska in conformity with national

April 27, 1981

LB 3, 245A, 284

RECESS

SPEAKER MARVEL: A quorum is...do you want to record the vote.

CLERK: A quorum present, Mr. President.

SPEAKER MARVEL: Do you have something to read in?

CLERK: Yes, sir, I do. Mr. President, Senator Kahle would like to have a meeting of the Government, Military and Veterans Affairs Committee upon adjournment Tuesday, at noon, Senator? Okay, underneath the North balcony, subject, interim study proposals.

Mr. President, Senator Higgins offers explanation of vote.

Mr. President, study resolution, LR 63 offered by Senator Chambers. (Read LR 63 as found on page 1592 of the Legislative Journal.)

Mr. President, Senator Hoagland would like to print amendments to LB 245A and Senator Schmit setting a public hearing for confirmation hearings on gubernatorial appointments and finally, Mr. President, Senator Clark would like to print amendments to LB 3 in the Journal. (See pages 1592-1593 of the Journal.)

SPEAKER MARVEL: This afternoon it is my privilege to introduce in the North balcony 44 students from 5th grade, Oakland Iowa Community School, teachers, Mrs. Joan Cleary and Mrs. Ann Strobel. Will you raise your hands so we can welcome you to the Unicameral.

We just ran a list of bills that will confront you between now and when the session is over. We have nine on special order, eleven priority bills, eleven plus, sixteen priority bills and between seventy and eighty on a consent calendar. Now according to present planning we will try to set up a consent calendar for Friday and this should help relieve some of the load. Okay, we are ready for 284 and the Chair recognizes Senator DeCamp.

SENATOR DeCAMP: Mr. President, I assume this is the closing or are there other speakers?

SPEAKER MARVEL: No, there are two other speakers, two lights on.

SENATOR DeCAMP: Then I will make one half of one minute of

May 4, 1981

LB 3

SENATOR CLARK: The motion is the advancement of 381 to E & R. All those in favor say aye. Opposed nay. The bill is advanced. LB 3.

CLERK: Mr. President, I have no E & R amendments to LB 3. I do have a series of amendments. The first is offered by Senator Vard Johnson, and that is found on page 1459 of the Journal.

SENATOR CLARK: Senator Johnson. Senator Johnson.

CLERK: I believe he wishes to withdraw, Mr. President.

SENATOR JOHNSON: I ask unanimous consent to withdraw those amendments.

SENATOR CLARK: It is withdrawn. What is the next one?

CLERK: Mr. President, the next amendment I have is by... Senator Johnson, you had one on 14....Senator Johnson, you had a second one. Do you want that one withdrawn?

SENATOR JOHNSON: I will withdraw that one as well.

CLERK: Okay. Thank you.

SENATOR CLARK: Do you wish to withdraw that one? It is withdrawn.

CLERK: Mr. President, the next amendment I have is offered by Senators DeCamp and Goodrich. (Read the DeCamp-Goodrich amendment as found on page 1713 of the Legislative Journal.)

SENATOR CLARK: Senator DeCamp. I don't know where Senator Goodrich is.

SENATOR DeCAMP: Mr. President, I hesitate to go ahead with the amendment without him here. I think this amendment strikes the....(interruption).

SENATOR CLARK: Mr. Sergeant at Arms, could you find Senator Goodrich?

SENATOR DeCAMP: Is he here today?

SENATOR CLARK: Yes, he is here.

SENATOR DeCAMP: Is that what my amendment does? I will let Senator Goodrich open on the amendment until I kind of get warmed up here.

May 4, 1981

LB 3

SENATOR CLARK: Senator Goodrich, would you like to open on the amendment until Senator DeCamp gets warmed up?

SENATOR GOODRICH: I looked at the agenda and I thought we were about three or four down. Anyhow, the DeCamp amendment is the one that I have talked to a number of you about, and what we are doing is replacing...with the DeCamp amendment we are replacing the committee amendment, and the reason I am proposing we do that is that the way the amendment reads now, the bill literally reads now with the committee amendment on it, the Nebraska manufacturers are excluded from the benefits of the bill unless they meet two criteria, one of which is they have to build an expansion on their plant or build an entirely new plant starting after July 1, 1981. They also have to change the product that they produce. So if you got New York Steel of Norfolk, for example, they would have to go into some other product line in order to take advantage of the particular bill, which is the exempting of the sales tax from the purchase of manufacturing equipment. Now, we let a foreign corporation come into Nebraska and when I say foreign corporation I mean literally a foreign corporation from Japan or Germany or somewhere like that, or a corporation that is not a Nebraska corporation. They are both known as foreign corporations but a different context of the word. We let them come in and we give them the benefit of the bill but we do not give it to Nebraska manufacturers. Also, the fact that the Nebraska town, we'll say...give a specific town, any town that you want to name, for example, if they have an existing building that they want to promote an industry into their community because they've got an empty building that some industry did fail or something like that, and they could take advantage of that empty building and fill it up with a job producing industry, they couldn't get the benefits of this bill. So it's for that reason that I am proposing or Senator DeCamp and I are proposing that we go back to the amendment found on page 1342 of your Journal that says in essence that if you build a new plant, if you expand your plant, you get the benefits of the bill. Even the Nebraska corporations would have the benefits of the bill. But on page 1342, if you read that amendment, you will see that we have excluded from the benefits of this bill the replacement of worn out equipment. In other words, if I am a manufacturer and I have got a lathe setting here and I have got a man running that lathe, it is worn out and I have to replace it with a new lathe, you don't get the benefit of the bill. Neither the new manufacturer nor the existing manufacturer would get the benefit of

May 4, 1981

LB 3

that once the new plant was built according to my form of the bill. The big difference between Senator Carsten's version of the bill and my version of the bill is that I include Nebraska manufacturers except where the worn out equipment is replaced. By excluding the worn out equipment we have eliminated the fiscal impact to the State of Nebraska. We have also eliminated the fiscal impact to the urban...or the cities, the four cities that have the city sales tax, that would be Lincoln, Omaha, Bellevue and North Platte. There would be no fiscal impact to them either as a result of excluding the worn out equipment. So it is for that reason that I ask you to go with the DeCamp motion on the...to replace the committee amendment with the DeCamp amendment and let's treat the Nebraska manufacturers the same as we would a foreign corporation. Now if we don't what we are doing is we are automatically making Nebraska manufacturers targets for states like Kansas, Missouri and Iowa who all three have this particular exemption on their books as well as 36 states, in other words, 36 states have done this already. Our Nebraska manufacturers would become targets for the other 36 states that have given this...put this exemption on the books, and I am asking you to go with the DeCamp amendment which would give it to Nebraska manufacturers as well as for a foreign corporation. Thank you.

SENATOR CLARK: I think what we are going to do is knock this off right here. We have got seven more lights on up here on this one amendment and we have three more amendments beside this. Senator Stoney, would you like to recess us until 1:30 this afternoon.

SENATOR STONEY: Mr. President, I move that we be in Recess until 1:30 p.m.

SENATOR CLARK: All those in favor of recessing until 1:30 say aye. Opposed. We are recessed until 1:30.

Edited by:

Marilyn Zank
Marilyn Zank

May 6, 1981

LB 3

SENATOR CLARK: All right, that will complete item #5. We will go to item #6, Select File, LB 3.

CLERK: Mr. President, if I may right before that I have a Reference Report from the Executive Board referring gubernatorial appointments to the appropriate committees for hearing.

Two new resolutions, LR 93 by Senators Landis and Labeledz. It calls for a study to review all state and local agencies involved in the funding and continuance of public transportation in urban and rural areas. And LR 94 offered by the Revenue Committee. It calls for a study of the Nebraska aircraft fuel tax with a view towards simplifying procedures and eliminating unnecessary paper work pertaining to collections and refunds of the tax. (See pages 1783 and 1784 of the Legislative Journal.)

Mr. President, with respect to LB 3, it was considered by the membership on May 4 of this year. At that time there was an amendment from Senators DeCamp and Goodrich to amend LB 3 by adding the Goodrich-Landis amendment found on page 1342 of the Journal.

SENATOR CLARK: Senator Goodrich.

SENATOR GOODRICH: Mr. President and members of the body, LB 3, just to refresh everybody's memory, is the bill that exempts manufacturing and processing equipment located in a manufacturing and processing plant from the sales tax if you buy new equipment to attract new industry and the design of it is to attract new industry into Nebraska. We have an amendment up there, as you will all recall, the committee amendment came out and got adopted, and I have talked to most of you about what we call the Goodrich-Landis amendment adopting that in lieu of the committee amendments. However, I have an amendment up there now that was printed in the Journal yesterday and I want to withdraw that amendment.

CLERK: Senator, may I, before we get to that, there was an amendment pending that you had that said, "by adding the Goodrich-Landis amendment found on page 1342 of the Journal". Do you want that one withdrawn?

SENATOR GOODRICH: That's the one I want to withdraw and substitute the one I circulated this morning to all the desks and I gave to the Clerk.

CLERK: Okay. Well, Mr. President, before we get to that, I have a couple other amendments ahead of you,

May 6, 1981

LB 3

Senator. Senator Newell, yours was to the Goodrich-Landis amendment.

SENATOR CLARK: Senator Newell.

SENATOR NEWELL: Yes. Mr. President, Senator Goodrich is withdrawing his amendment, then I would ask because of the nature of that, I was just going to try to amend his amendment, but I would offer the full amendment that I was offering before as a substitute. Since it was an amendment to the Goodrich amendment, I would offer that as a substitute proposal. I have it here.

CLERK: I don't understand what you are saying, Senator. You want to treat this as an amendment to the bill then, is that what you are saying?

SENATOR NEWELL: Yes.

CLERK: Okay. Mr. President, the Newell amendment would read as follows: "Strike the word diversified in line 2 and insert a period after the word facility in line 3 and strike the remainder of the sentence."

SENATOR CLARK: Senator Newell.

CLERK: Mr. President, the next amendment I have on the bill is by Senator Carsten.

SENATOR CLARK: Is Senator Carsten in the room? Let's skip over that one until he returns. Here he is. Senator Carsten, amendment on LB 3.

CLERK: On page 1575 of the Journal, Mr. President.

SENATOR CLARK: Senator Goodrich has withdrawn his amendments.

SENATOR GOODRICH: Cal, just withdraw that one because it applies to the committee amendment.

SENATOR CARSTEN: Mr. President, for the moment I will withdraw this amendment, if I may...unanimous consent.

CLERK: Mr. President, the next amendment I have is from Senator Clark.

SENATOR CLARK: Senator Goodrich will take that.

CLERK: The amendment is on page 1592.

May 6, 1981

LB 3

SENATOR GOODRICH: Bob.

SENATOR CLARK: Senator Goodrich.

SENATOR GOODRICH: I would make a suggestion. This is an amendment to the committee amendment that exists on the bill already. We can adopt that but we have to correct that to make it an amendment to the bill as it gets amended after my replacement amendment.

SENATOR CLARK: Okay, we will temporarily withdraw that one then.

SENATOR GOODRICH: Right. That's the way to do it.

SENATOR CLARK: Senator DeCamp, for what purpose do you arise? There is nothing before the House.

SENATOR DeCAMP: Yes, that's our amendment we are substituting?

SENATOR CLARK: There is no amendment before the House right now.

SENATOR GOODRICH: Yes, there is.

SENATOR CLARK: I just withdrew it.

SENATOR GOODRICH: Oh, okay.

SENATOR DeCAMP: Aren't we going to offer one here? Oh, okay, whatever is right.

CLERK: Mr. President, I then have an amendment from Senator Goodrich that I understand was on 177....that was the one you gave me yesterday, Senator, and you want that one withdrawn as well, is that correct?

SENATOR GOODRICH: Yes, that appeared in the Journal on page.....(interruption).

CLERK: 1775.

SENATOR GOODRICH: 1775. I want to withdraw that one too.

CLERK: All right. Mr. President, the next amendment I have is then from Senators Goodrich and DeCamp....

SENATOR GOODRICH: This is the one.

CLERK: And it would replace the committee amendment

May 6, 1981

LB 3

with the following: (Read the Goodrich-DeCamp amendment as found on page 1785 of the Legislative Journal.)

SENATOR GOODRICH: That's the one.

SENATOR CLARK: Senator Goodrich, do you want to take this? Or Senator DeCamp.

SENATOR GOODRICH: John, do you want me to start and then....

SENATOR CLARK: Senator DeCamp.

SENATOR DeCAMP: Yes, I guess. Mr. President, as I understand it...I will get real specific so you know what I am up to. You've got a plant like Kawasaki and for whatever reasons the tourism business on snowmobiles, or whatever they create out there, wasn't that great they think, as I understand it they want to change the line, have a new...bring in a whole new production facility and line and so on and so forth. The legislation needs some correction if we are going to offer them this advantage and apparently this is much wanted by the City of Lincoln and those interested in manufacturing. So we are expanding or going back to the original concept basically that Senator Goodrich and Landis had with some tightening up of it. Additionally, it's my understanding there are some constitutional problems...I know that old constitutional word, with the amendment that was adopted. The Attorney General says we can't classify the way we are classifying so Senator Carsten had some amendments and he and Senator Goodrich were on pretty much opposite sides, and now it is my understanding that there is agreement on this version. Is that right, or not? Cal, are you agreed on this version?

SENATOR CARSTEN: Mr. President and members, I, for the most part I guess, will accept this. The real objection that I had has been stricken from it. I don't believe...I don't believe the amendment is too bad at this point. I guess that I will probably accept it, but I do think that we need some clarification at least for the record of exactly what the amendment means and what its intent is.

SENATOR DeCAMP: Gotcha. Okay, that's kind of the understanding I had. Then this accomplishes most of the goals, as I understand, of Senator Goodrich and the people that think that LB 3 needs to be passed and is going to save

May 6, 1981

LB 3

the state in the area of manufacturing and bringing industry. It also addresses the problems that Senator Carsten had and it addresses the constitutional issue. So I urge adoption of the amendment, and then I would suggest just for the record so we don't have any hangups, that Senator Carsten get in officially in the record maybe some statements of intent, some clarification, so that if there is a squabble in the future as to what was exactly intended, it would clarify that. But other...with that, then I would suggest that we adopt the amendment and get the bill on...get this one out of our hair.

SENATOR CLARK: Senator Goodrich is next.

SENATOR GOODRICH: Mr. President and members of the body, I am going to agree with Senator DeCamp. We should adopt this particular amendment so we at least know what form of the bill we are talking about. And then what I intend to do, if we get this amendment adopted, is to clearly state what we are trying to achieve with this legislation so that there will be a legislative intent statement in the record. In fact, if it is the pleasure of the body, I could even go so far as to read that into the record right now. "It is my intention that the current form of the bill, the amendment that we are considering now, replaces the Goodrich-Landis amendment, it replaces the committee amendment, and it replaces the amendment that was printed on page 1775 of the Journal, and any other forms of this particular amendment excluding the Clark amendment, for example, that will come later, but it replaces any other forms of this particular amendment." Now, so that everybody understands, I, as has been stated here, Senator Carsten and I were not in complete agreement on this as is no secret to everybody, but Senator Carsten and I over much work have come up with an amendment that we can both live with. Now, the intent statement that I would like to get into the record is, that this particular amendment exempts manufacturing and processing.... yes, manufacturing and processing equipment from the sales tax...sales and use tax, if it is located in manufacturing and processing plants and the equipment was purchased after September 1, 1981. In this amendment we are covering four items. We are covering if this equipment is purchased to go into a newly constructed plant that has begun, construction thereof has begun after July 1, 1982. I am sorry, that's '81... 1981...July 1, 1981. In other words, we are not going to go back in time to pick up any plants that are already

May 6, 1981

LB 3

under construction. We are also exempting the equipment that is bought to go into a renovated building for reactivating a plant that has moved out of your community. And on this point I will elaborate a little bit. Remember, for example, that in the small communities across the state there are industries that have moved out of plants and the building is sitting there. If the small community, for example, can attract a new industry into that community by using that building, if they renovate that building for that purpose, then they can buy the equipment and be exempt from the sales tax. The next point, the equipment purchased to increase productivity of the plant itself. I will elaborate on that particular point. You will all remember that during World War II we did a pretty thorough job of destroying the industrial capacity of Germany and Japan. We then went in and restored their productivity, their industrial plants. We...by doing that, we gave them all modern plants, all modern technology and everything else, and they are outproducing us. What the intent of this particular thing is...or this point rather is, is to increase the product....to be able to increase the productivity within a Nebraska plant or...well, of course, that's all we would deal with is Nebraska plants anyhow. The final point here is equipment purchased to be installed for product diversification. Now that particular point is the one that covers the Kawasaki plant here in Lincoln or any other like plants....

SENATOR CLARK: You have 30 seconds left, Senator.

SENATOR GOODRICH: Okay. Where the snowmobile production, for example, takes a nosedive, they are going to replace that production with lawnmower motors if we give them a sufficient amount of incentive to stay here. We will not then force them...or we will at least give them an incentive to stay here and they have 650 employees, we don't want them to cut that plant in half, we want to give them the incentive to purchase the new equipment necessary to diversify their product or to take on lawnmower motors.

SENATOR CLARK: Your time is up, Senator.

SENATOR GOODRICH: The last point...just one last point on it, and that is that in this version of the bill of the amendment that we are adopting right now, we have dropped the expansion of existing manufacturing facilities. If they expand the size of the plant for the same product, that type of thing, they do not get the sales

May 6, 1981

LB 3

tax exemption. That is the point that Cal and I ironed out this morning and led to this particular form of the amendment.

SENATOR CLARK: Your time is over up.

SENATOR GOODRICH: Thank you. I urge the adoption of this particular amendment.

SENATOR CLARK: Senator Landis, would you recess us until 1:30 and we will continue this same bill at 1:30.

SENATOR LANDIS: I move that we recess until 1:30, Mr. Speaker.

SENATOR CLARK: You have all heard the motion. All those in favor vote aye....say aye. Opposed. We are recessed until 1:30. Senator Kahle. I have the list, yes, I have nine of them.

Edited by:

Marilyn Zank
Marilyn Zank

May 6, 1981

LB 3

SENATOR CLARK: All right, we are going to start out on LB 3. Some of them aren't here that I have recorded up here that want to talk. The first one is Senator Carsten and then Newell, Hoagland, Kahle, Fowler, Higgins, Koch, Lamb, Haberman and Burrows. I am going to call on you and if you are not here, I will skip to the next one. Senator Carsten.

SENATOR CARSTEN: Mr. President, members of the Legislature, I would like to ask Senator Goodrich a question or two, if I may.

SENATOR CLARK: Senator Goodrich.

SENATOR GOODRICH: Hello, Cal. Yes.

SENATOR CARSTEN: Senator Goodrich, in the original bill and the amendments that were proposed by you and Senator Landis originally, the impact, as I understand, under your amendment was 2.4 million. Now as I read and interpret, the amendment that you are now proposing would perhaps decrease that dollar amount to some degree. Is that correct?

SENATOR GOODRICH: Yes. What it boils down to is we... you will notice in our amendment that we worked out, we included the words "initial installation" which is the initial purchase only. That will cut some of it, and also the fact that we dropped expanded plants. That will drop it again.

SENATOR CARSTEN: Well, first of all, I would suggest that you or I, or and I, before we reach Final Reading with this bill, try and get as near accurate as we can the projection as the amendment now proposes for the body to look at, and would you agree with that?

SENATOR GOODRICH: I would agree with that and I would wholeheartedly cooperate with you in getting that done.

SENATOR CARSTEN: Okay, then, secondly, Mr. President and members, in the amendment that Senator Goodrich and DeCamp have proposed there is in that amendment a portion or some words that were needed and I need to bring this to your attention of the Attorney General's concern and the initially installed clarifies that which the Attorney General did object to or had questions with, which does need to be in there also, and I don't...I am not sure that that was made clear earlier this morning, but that is true. I guess that is all I have to say at

May 6, 1981

LB 3

this point, Mr. President. Thank you.

SENATOR CLARK: Before we go to the next speaker, I would like to introduce twenty-one 6th Graders from Henderson, Nebraska, Frieda Goertzen and Dennis Butt are the teachers. They are in the north balcony. Would you raise your hands so we can see where you are? Welcome to the Legislature. We also have forty-nine 7th and 8th Graders from St. Mary's School in Omaha, Nebraska from Senator Labeledz's District. There are three parents with them, plus Kathy Yambor and Rich Herold, their teachers. They are in the north balcony. Will you raise your hands so we can welcome you, please? Welcome to the Legislature. The next speaker we have is Senator Newell. Is he in the...? Senator Fowler, you have an amendment to the Goodrich amendment.

CLERK: Mr. President, Senator Fowler moves to amend the Goodrich amendment. (Read the Fowler amendment as found on page 1790 of the Legislative Journal.)

SENATOR CLARK: Senator Fowler.

SENATOR FOWLER: Mr. President, I bring the amendment because of concern about the broadness...if that's a word...the broad nature of this amendment. The concerns that I have as to how, in fact, some of these terms are going to be defined. And I guess the term "processing equipment" and "processing operations" does come...one of the things that I have concern about, when we talk about manufacturing, I think we know that we are talking about making things. When we're processing, there is a lot of types of processing that are being done these days that aren't really manufacturing. We have data processing. We have word processing. We have some very, very expensive equipment, computers, all sorts of systems that are developed that are processing systems that would be involved in processing operations and I am concerned that the amendment...maybe it is the intent of Senator Goodrich to exempt the purchase of computers, to exempt the purchase of word processing equipment, information systems and all that from the sales tax. And I guess one reason that I introduced this is to try and get some clarification of just how broad an exemption are we talking about. And I am afraid that the exchange between Senator Carsten and Senator Goodrich did not really give me a secure feeling about whether this is a narrow or a wide amendment, and that after we pass the language, the Department of Revenue in developing definitions may make this broader than we understand. For example, I cannot

May 6, 1981

LB 3

quite tell from the language in the amendment whether a new building must be built in order to qualify for this exemption, or whether, in fact, it can be an installation in an existing building, and if it's an installation in an existing building, whether or not that will get the exemption. The phrase "installation to increase productivity" concerns me. I would not know of a business man in the State of Nebraska that would make an installation that would decrease productivity. I assume that any new equipment would be...unless a business man is a fool, any new equipment is an increase in productivity. So I question whether all new purchases of equipment, in fact, are exempt from the sales tax under this. I think that there a lot of gaps in the language, a lot of things that need to be explained, and I offer the amendment because I think the words "processing equipment" and "processing operation" is one of those things that is perhaps so broad that unless this amendment is not tightened up, unless language isn't added to define what we mean, we may be exempting computers, we may be exempting typewriters, we may be exempting a whole variety of word processing, data processing, information processing, and who knows what type of processing equipment from the sales tax. So I think that maybe Senator Goodrich and DeCamp need to either establish a clear legislative record as to their intent, or some of this language should be taken out, and I think the questions that we need answered is, what is processing? Can this exemption apply to any sort of thing that is done in an existing building, or must there be a new structure built, and is the replacement of equipment, in fact, the same as installation to increase productivity? And until those questions are answered, I think certainly we should eliminate some of the language in this amendment, perhaps reject it altogether.

SENATOR CLARK: Senator Goodrich.

SENATOR GOODRICH: Hello. Mr. President and members of the body, I naturally would oppose the amendment. The processing, for example, can mean, for example, meat processing or grain processing and that type of thing. And, for example, this is equipment used in a manufacturing or a processing equipment...operation rather, inside that operation. It's not a wild, open amendment like has been portrayed. Like, for example, a typewriter, that's not equipment in the manufacturing equipment. It is not a manufacturing, processing, or either one. That is office type of supplies that certainly would not be intended. Nor is it anywhere in the amendment. As far

May 6, 1981

LB 3

as new buildings is concerned, a careful reading of the first half of the amendment denotes that it is new construction, and then we go on to define new construction as being renovation...as including rather a new building being built. We are not affecting the real estate itself, the property taxes or anything like that. All we are affecting is the sales tax on the purchase of manufacturing or processing equipment in a manufacturing or processing plant. The new building, for example, would be expanded to include a renovation of an existing facility which is a building, in other words, that may be....I know of one case where a building was... a manufacturing operation moved out of a small community and I don't want them, for example, to have to build a new building right beside it with IDA bonds or anything like that and leave an existing facility vacant. I want to be able to renovate that particular building and use it and attract an industry into that small community into that particular building. As far as increasing the productivity is concerned, I covered that this morning, and I don't think there is any fear of any kind that can be attributed to the amendment here that is not clearly set out in the amendment itself. I would strongly urge your rejection of this amendment.

SENATOR CLARK: Senator Koch. Senator Koch, did you want to talk on the Fowler amendment? Senator DeCamp. Senator DeCamp, did you want to talk on the Fowler amendment? Let's get down and do her.

SENATOR DeCAMP: Mr. President and members of the Legislature, could I ask Senator Fowler a couple of questions?

SENATOR CLARK: Senator Fowler.

SENATOR DeCAMP: Senator Fowler, this is apparently a major amendment to you, and I can see your concern. If you were able to get this amendment, could you then support the bill, the balance of it?

SENATOR FOWLER: Senator DeCamp, the other phrase that is of grave concern to me is when new construction is defined as an installation that increases productivity. I need a little clearer explanation as to whether or not, in fact, we are exempting the purchase of any new equipment. You know, Senator DeCamp, I think that we can go through piecemeal and rewrite this amendment on the floor, but maybe what we ought to do is pass over this bill and some of us get together and work out some of the

May 6, 1981

LB 3

language and come back with an amendment that would be acceptable. I know that has been suggested on other bills before and maybe that is the way to go with LB 3. Simply striking "processing" I don't think is going to take care of all my objections...language, I kind of liked LB 3 as it was right now.

SENATOR DeCAMP: I think as it is now, you have got a constitutional problem as we have stated, and it doesn't address your Kawasaki and so on and so forth. I see up there another 8 or 10 amendments and I can see the whole afternoon going away on something that I think could pretty much be worked out. At the same time, I don't want to....I know, there are kill motions and everything else. I don't want to be the one to suggest that we go along with this if it is offensive to Senator Goodrich, but it would seem to me that there are enough votes to pass the bill and I think we ought to pass it though in a form that everybody feels fairly comfortable with, and I am wondering, Glenn, would you want to pass over it for a while and see if we could work out some common language on some things. Okay, he wants to go on with it, so I will shut up and sit down.

SENATOR CLARK: Senator Kahle.

SENATOR KAHLE: Mr. President and members of this Legislature, I am really sorry that Senator Goodrich has decided to keep trying to add this type of amendment. I think he remembers well and I hope the Revenue Committee members also remember that we had quite a hassle over this getting it out of committee, and the only reason I finally changed my vote, which was the controlling vote at that time, was if we strictly...and I mean strictly stuck to new buildings and new equipment, and if that is not so I hope some of the Revenue Committee members will rise and say so. I think that would have been stretching it a little bit already, because when we start fooling around with forgiveness of all kinds of equipment and Senator Fowler brought up some of the problems, there is just no end to this. I am rather surprised that an Omaha Senator, after working so hard to get an extra half cent sales tax to bring in \$13 to \$15 million, whatever it might be, is now ready to throw it over his shoulder, or at least part of it. I, personally, do not believe that the tax situation in Nebraska has very much to do with industry coming in. I think the productivity of our people and the atmosphere of the community has a whole lot more to do with it than what tax they might pay. And I have had production people tell

May 6, 1981

LB 3

me just exactly that. That's the reason they come to Nebraska, because our people still know how to work. I have an amendment up there that would exempt production machinery for agricultural products. Now you can interpret that any way you want to, but that's an \$18 to \$20 million figure also that will come off of the tax rolls, about as much as we added the other day. So I plead with Senator Goodrich to quit trying to do this, because I think you will lose the whole bill. And I am sincere about it, if any more is done, I am not going to vote for the bill, period. Almost didn't do it once before. So I understand the people that are in business, sure they would like to get an exemption. Who wouldn't? They are not going to move out of Nebraska if they have to pay that little bit of tax on their new equipment. It's no more than a combine or a four-wheel drive tractor in most cases. So, I plead with you to resist the amendments and keep the bill in the form that it came to the Legislature from the committee. Thank you.

SENATOR CLARK: Senator Hoagland.

SENATOR HOAGLAND: Mr. President, in trying to determine whether to support Senator Fowler's amendment, I would like to address questions of Senator Carsten and Senator Goodrich, first Senator Carsten, if he would yield.

SENATOR CLARK: Senator Carsten, will you yield to a question? Senator Hoagland.

SENATOR HOAGLAND: Senator Carsten, I'm trying to decide whether to support Senator Fowler's amendment. I wanted to address a question to you about the handout that you distributed two or three days ago showing the fiscal impact of LB 3 alternatives, and in that handout you compared LB 3 in the present form and Glenn's earlier amendment that was published in the Journal. Now I wonder if the revenue loss associated with Glenn's current amendment is roughly the same as the revenue loss associated with his earlier amendment published on page 1342.

SENATOR CLARK: Could we have it quiet please. Go ahead, Senator Hoagland.

SENATOR CARSTEN: Senator Hoagland, I think that you raised the same question that I did to Senator Goodrich and with his amendment as I understand it and read it I think there will be a difference in that projection as opposed to the original amendment that was presented

May 6, 1981

LB 3

by Goodrich and Landis. I am not sure and I don't think Senator Goodrich is at this point to know what the difference is, but I think that...and as I stated, in all fairness to everybody we should make a serious attempt to find the impact of this amendment should it be accepted, before we vote on Final Reading on it. It would be less, but how much less and as you know projections based on this kind of an operation are only guesses but would give us at least some idea. We would not be completely in the dark and I think it is only fair that we provide that for you.

SENATOR HOAGLAND: Senator Carsten, would it be a great deal less, or just a little bit less, or can you answer that question at all?

SENATOR CARSTEN: I would say somewhere in between what the committee amendments are and what the original amendments of Goodrich and Landis were. Somewhere in between there, but that is as close as I could come at this point without some expertise giving us some counsel on it.

SENATOR HOAGLAND: Thank you, Senator Carsten, I appreciate it.

SENATOR CARSTEN: Sorry I can't do any better.

SENATOR HOAGLAND: And I wonder if Senator Goodrich would yield to some questions, Mr. President.

SENATOR GOODRICH: Yes.

SENATOR HOAGLAND: Now, Senator Goodrich, I notice in the amendments that you had published earlier on page 1342, you were excluding equipment acquired to replace worn out equipment. Now, is it your intention in your newer amendment to exclude equipment acquired to replace worn out equipment?

SENATOR GOODRICH: When we eliminated....first let me start out with how you asked it with Cal. You will notice at the end of the second line we inserted the words "initially installed". That means they only get the exemption when they initially install new equipment. Now, that has a great reduction of any fiscal impact as was passed out the other day. The other thing that we did to effect the cost was we dropped if a Nebraska manufacturer expands his plant, he does not get the benefit of the bill, which in essence is almost the same as if he just replaces worn out equipment.

May 6, 1981

LB 3

SENATOR HOAGLAND: So, in other words, the way you interpret the current...your current proposal is that the replacement equipment has to be replacing equipment that has been installed after July 1st of 1981?

SENATOR GOODRICH: Yes.

SENATOR HOAGLAND: Thank you. I don't have any further questions, Mr. President. Thank you.

SENATOR CLARK: Senator Wesely.

SENATOR WESELY: Mr. President and members of the Legislature, I guess I rise in support of the Fowler amendment, although I am not sure that it really does what best is needed in this case. I think the problem that he has identified though is a key one. That is the question of how do we draft properly the amendment to this bill so that we allow for existing facilities who want to expand and add new lines to their present plant the chance to participate in this tax incentive. And I think that that is probably a very good step to take. I supported the Landis amendment which was up a couple weeks ago and I support it because I believe in the concept that our existing industry in the State of Nebraska should be encouraged just as outside new industry should be encouraged to grow and develop and expand and create new jobs. I am certainly in support of that and I supported that amendment. It lost, and so I thought we were going to come back with another amendment which was going to be a little tighter, would still accomplish that same purpose and be able to meet the needs that we have in this area. Well, the compromise that's before you isn't really a compromise. I always thought compromises went more toward the middle between the two opposing ends on an issue. Instead, this went far over to the other side and, in fact, opens up the door much wider than it was before in a way that I am not sure is necessary. Now I understand the intent. I think we are trying to deal with the issue of the Kawasaki plant and some other facilities that are trying to expand. I am all for that, but it has to be drafted very particularly, very carefully or you are going to have a situation where you are going to have a small attempt to try and help with an incentive or plans to expand and grow that will turn into just another tax exemption like all the others. About four or five months ago I sent a letter to the Revenue Committee and I said to them, we have too many tax exemptions that aren't being reviewed, that we're not really accomplishing what we want to. And my feeling at that time was that

when we pass an exemption we somehow forget about it. I think what's important is that when we pass this exemption, it be drafted carefully, we do it exactly as we want to, because chances are we are not going to look at it again for a long time, unfortunately. We should review these. More than that, I will have an amendment and after a few more are considered, that will have a sunset clause on this, because I think the intent is well, I am supportive of the intent which is to try and allow new industry to come into Nebraska and expanding existing facilities in Nebraska. I think that is good. We need that incentive but it's got to be done right and we have to be careful about it or we will cause more problems than we will solve. So I think Senator Fowler is good and right in attempting to try and address the problem. I am not sure the amendment does everything we need to. I know Senator Newell has a substitute amendment for what Senator Goodrich is trying to accomplish here that is a lot tighter but still does what we need which is to allow existing facilities to expand and receive this incentive. So I guess what we need to do is fully discuss this and to try and do something. I am sure supportive of it, but let's do it right.

SENATOR CLARK: Senator Goodrich, do you want to talk on the Fowler amendment again?

SENATOR GOODRICH: Yes, I would like to just make a couple of comments regarding what Senator Kahle was mentioning. For example, he indicated that he intended... or it was his thinking, at least, that we cover new buildings and new equipment. Senator Kahle, that's exactly what we are doing is including only the equipment bought and installed in new buildings or renovated buildings, that equipment which was new equipment to increase productivity, new technology, that type of thing, and new equipment to take on and produce a different line of product. Now, it is new equipment, in other words, and it is acquired after July 1, 1981, and the emphasis, as I see it, is the fact that we excluded from this, we did not give an exemption for replacement of worn equipment, for example, so it's not excluded. We didn't specifically mention that, so consequently it is out. If we don't give it an exemption, it isn't in. And the other point being that tax incentive, for example, was not a factor in location of plants. That is not right. Granted, when you had the first industrial development of this country in the northeast corner of the country, you had all of the

industry located in the northeast corner of the country, then it went down across the Sun Belt, and then it is now coming up into the upper part of the United States, but when it gets up here, whether it locates in Kansas, Nebraska, Missouri or Iowa, that is where the tax incentive does make a difference, and if you don't believe that, just take a look at the industries locating all across Kansas, little towns like Oleta, Kansas, Manhattan, Kansas. Those small towns in Kansas are getting these plants because Kansas does have these incentives. If we don't offer them, we don't get that plant. We don't even have a shot at it. We get cut off at the first or second look at our state. So, consequently, we are not in the final consideration of it. I would strongly urge the rejection of the Fowler amendment to this amendment. Thank you.

SENATOR CLARK: I would like to give the Legislature just a little warning. You could probably work on this bill all afternoon, and you can see what is on Select File. You are going to hold all those bills up. You are going to hold up the rest of the priority bills if you work on this all afternoon. You can do what you like but we have about twelve lights on. We have got one more amendment to the amendment and four other amendments to this bill. So you can judge yourselves accordingly. Senator Newell is the next speaker.

SENATOR NEWELL: Mr. President and members of the Legislature, I support the Fowler amendment, although the Fowler amendment...I would not support the bill with the Fowler amendment on it because, frankly, that is still not restrictive enough. I just want to point out something that I think this body must realize before we get too far along in this "compromise amendment". Senator DeCamp and Senator Goodrich propose that they are compromising this whole issue and they present this compromise as something preferable to what the body deep down last week, and I want to say simply that this proposal that Senator Goodrich offers has got more loopholes, more gaping loopholes from which you can exempt almost everything and all equipment. You will get back to the full \$6 million exemption, to the state revenue loss, and it is a greater revenue loss than the Goodrich-Landis sleight of hand which was two weeks ago, which I didn't support particularly at that time either. Now I think that the committee amendments are absolutely adequate. In fact, I remember telling my good friend, Martin Kahle, who has been very consistent on this. I said, Martin, we ought not send this bill out of committee, Martin, because it ain't going to work like we

May 6, 1981

LB 3

think it is. They are going to play fast and loose with the committee amendments and so forth on the floor. And I said that same thing to some other members. I asked a couple of other members if they would support the bill in its present form with only the committee amendments, and they said, yes, and we will fight it on the floor otherwise. Now some of them have lost their fight, but that is just, you know, par for the political course. But this is not a compromised worked-out, everybody agrees to it sort of proposal. In fact, it is not as restrictive as the Landis-Goodrich amendment of last week. If we are talking about exemptions even with the present proposal, the way the committee amendments are right now we are not talking about exempting just new industry or expanded industry into this state. With the committee amendments the way they presently are written, we are talking about a revenue loss to the state. Now you don't have a revenue loss if you never were raising the money, if they weren't here already. You are talking about a revenue loss when, in fact, you lose existing revenues that you are raising. With the bill the way it is right now, there is going to be \$1,100,000 lost revenue to the state each and every year with the committee amendments on. That's lost revenue. That's not new industry. That's existing loss. Now with the Goodrich amendments...the Goodrich-Landis amendments that we had last week, or last month, we had a \$2,400,000 revenue loss. Now I want to ask Senator Goodrich how much he thinks the revenue loss will be with his new quote unquote...and I love this word, "compromise amendments". Senator Goodrich, would you respond?

SENATOR GOODRICH: Yes, Mr. Newell...Senator Newell, I would respond, and if you would come back from lunch on time you would have heard it already. It's been covered twice now already since noon...since we have returned from the lunch hour. What we have done, though, to repeat it, is we have inserted at the end of line 2, "initially installed", those two words. They say, in essence, that the manufacturing enterprise would only get the tax exemption when they initially installed the original equipment when they set up their plant. That would reduce materially the cost, and then the fact that we also eliminated the words "expanded plant", so that if....Senator Newell, are you going to listen or are you just going to ask questions and then walk away? When we....I'll tell it again whether he listens or not, I guess. And then when we eliminated the expanded plant, we also took another big chunk out of the cost, and as was stated here earlier, it will be extremely low compared to what was passed out the other day.

May 6, 1981

LB 3

SENATOR NEWELL: How about a guestimate?

SENATOR GOODRICH: There is no way....

SENATOR NEWELL: Senator Goodrich....

SENATOR GOODRICH:to come into a final figure because it is all a guestimate. But I have committed myself to Senator Carsten to work with him and bring out a fiscal statement on this bill before Final Reading.

SENATOR NEWELL: Senator Goodrich, could you give me just a dollar amount? You say...do you believe...let me just ask for a yes or no. Do you believe it will be less than the \$2,400,000 that presently is in...was the estimate for the Goodrich-Landis amendment?

SENATOR GOODRICH: No more than 50 percent of that figure would be what I would guess.

SENATOR NEWELL: Okay, now we have a figure. No more than 50 percent of that figure, which would be \$1,200,000. \$1,200,000...if it is less than that, Senator Goodrich, I will not only be shocked and surprised, but pleased, and I wanted to get that on the record because when we find out what it does cost, I want to be able to come back and say, I told you.....

SENATOR CLARK: You have thirty seconds left, Senator Newell.

SENATOR NEWELL: That's right. I want to be able to come back and say, I told you so. Frankly, this amendment is as large or as significant as the Landis-Goodrich amendment, in my opinion. And that will be seen shortly if it is adopted. Hopefully, it will never be seen and it won't be adopted.

SENATOR CLARK: Senator Cope. Senator Kahle.

SENATOR KAHLE: Mr. President, I call for the question.

SENATOR CLARK: The question has been called for. Do I see five hands? I do. All those that want to cease debate vote aye, against vote no.

CLERK: Senator Clark voting aye.

SENATOR CLARK: Record the vote.

CLERK: 29 ayes, 0 nays to cease debate, Mr. President.

May 6, 1981

LB 3

SENATOR CLARK: Senator Fowler, do you want to close?

SENATOR FOWLER: Mr. President, my amendment really deals with one small part of the broader issue, and the broader issue is the Goodrich amendment, does it exclude more or less than the Goodrich-Landis amendment? Certainly it excludes more from the tax in the current bill but it's a little unclear how much more. I think the reason that it is unclear is that the words themselves may not completely make sense when you put them together. In Alice in Wonderland I think it was one of the...maybe the Red Queen said, words are whatever I say they are. And sometimes in the Legislature we have that type of power. Senator Goodrich says that this applies only to a manufacturing facility of new construction. Well, when I think of new construction, I think of a building being built, a new building or something. Then it says, for purposes of this subdivision, the term "new construction" shall include renovation of an existing facility, so it's no longer just a new building, and installation to increase productivity, a phrase that troubles me greatly. I am not sure what an installation to increase productivity is, except I would say again I know of no business man that would buy equipment that would decrease productivity. So I think most any new equipment is, in fact, equipment that is installed to increase productivity. And then there is the crucial word "or" installation to achieve product diversification. Any one of those three become new construction whether or not a new building is built or not, I mean, we just define new construction to be something different than new construction is, and new construction is installation to achieve product diversification, and installation to increase productivity or renovation. In fact, the thing that new construction does not include is a new building. So new construction may not be new construction, I don't know. What my amendment addresses is the question of processing equipment. What is processing? And I guess I am not satisfied that things like data processing, word processing, are not, in fact, processing operations, and that this tax exemption is more than just a manufacturing plant. It's a processing plant. It's a processing operation. It could be a data processing center as far as I can tell. Now Senator DeCamp was willing to sit down and try and work out language with the Revenue Committee, tighten this up so that we know what we are talking about. If that's not possible, if that's not agreeable, then I guess we will have to try and rewrite this on the floor. I would urge adoption of the amendment because I think we ought to be very precise with the language

May 6, 1981

LB 3, 366

we are talking about here. We ought to know exactly what it is. I do not think that processing equipment, the word "processing" has been adequately defined, and until it is adequately defined, when you consider all the additional vagueness in the amendment, the ambiguities, the strange definition of new construction, when you add all that together, I think the least we should do is strike the word "processing" and start trying to limit the scope of this exemption. I would move for adoption of the amendment.

SENATOR CLARK: The question before the House is the adoption of the Fowler amendment. All those in favor vote aye. All those opposed vote nay. Have you all voted? It takes 25 votes. Once more, have you all voted? Record the vote.

CLERK: 13 ayes, 18 nays or adoption of the Fowler amendment to the Goodrich amendment.

SENATOR CLARK: The amendment fails. Senator Marvel, could I see you for a moment, please? Senator Lowell Johnson has a little announcement for you here.

SENATOR LOWELL: Mr. President and members of the Legislature, during this little interim it seems to me we have experienced a very severe energy drain here during the past few days, and I offer a prescription under the north and south balcony for the treatment of that drain. You know, there was an old patent medicine called N. R. Tonight, Tomorrow, All Right. I would say that this is Nebraska's remedy, today, tomorrow, all right. So enjoy the popcorn of Nebraska.

SENATOR CLARK: We appreciate your staying up all night to pop that, Senator Johnson, it was very nice of you. We also appreciate the price. We are going to skip over LB 3 for a little while and go to the rest of Select File. The next bill we will take up is LB 366.

CLERK: Mr. President, LB 366, there are E & R amendments pending, Mr. President.

SENATOR CLARK: Senator Kilgarin.

SENATOR KILGARIN: I move the E & R amendments to LB 366.

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

CLERK: Mr. President, I now have an amendment from Senator Wesely that is found on page 1495 of the Journal.

May 6, 1981

LB 3

SPEAKER MARVEL: Okay, LB 3.

CLERK: Mr. President, when we were last considering LB 3, I had a series of amendments pending. Senator Goodrich...Senator Goodrich, do you want to withdraw the one that you...am I understanding that correctly, Senator?

SENATOR GOODRICH: Yes. Excuse me, yes. It even scared the heck out of me.

CLERK: Okay. Thank you, Senator. Okay, Senator Goodrich wants to withdraw his. Senator Kahle, you had an amendment to the bill.

SENATOR KAHLE: Would you read the amendment, please?

CLERK: Mr. President, the Kahle amendment would exempt replacement of new and advanced design machines used in the production of agricultural produce from the Nebraska sales tax.

SENATOR KAHLE: I think this is an excellent amendment, and I will wait. I would like to have it removed, withdrawn, until after we see what the new Goodrich-Carsten amendment would do. So I ask to withdraw it for the present.

SPEAKER MARVEL: No objection. So ordered.

CLERK: Mr. President, the next amendment is from.... Senator Newell had an amendment to the bill.

SPEAKER MARVEL: Senator Newell.

SENATOR NEWELL: As I'm supposed to, I withdraw the amendment.

CLERK: Mr. President, the next amendment is from Senator Clark. Senator Clark, do you want to withdraw, Senator? Okay. Senator Fowler, you had moved to indefinitely postpone the bill. Do you still want to offer that motion?

SENATOR FOWLER: Not at this time.

CLERK: Senator Wesely, you had an amendment to the bill.

SENATOR WESELY: I would like to ask Senator Carsten just

May 6, 1981

LB 3

one question and then I will decide. Senator Carsten, I understand the Revenue Committee will be studying over the interim tax exemptions that we have already passed and we will look at the whole area of tax exemption in the state. Is that not correct?

SENATOR CARSTEN: That is correct, Senator Wesely, yes.

SENATOR WESELY: Okay, with that information, I think that my concern was that enacting another tax exemption without some sort of sense that it would not be probably wise, but with the committee looking into this, I think that is a commitment I can live with and I will withdraw the amendment at this time.

CLERK: Mr. President, I then have a Landis-Carsten amendment which would read as follows: (Read the Landis-Carsten amendment as found on pages 1 and 1807 of the Legislative Journal.)

SPEAKER MARVEL: Senator Landis.

SENATOR LANDIS: Mr. Speaker and members of the Legislature, this is, I believe, a reasonably and fairly negotiated settlement to an intricate problem. It is also very imperative that we read into the record from the co-introducer of the amendment, Senator Carsten, language describing what we mean by the term "processing", because this was in discussions one of the questions that we got hung up on. Now previously Senator Carsten read into the record when he was talking about the bill itself and the committee amendments, language from the Revenue Department giving the legislative intent with respect to the word "processing", but we agreed to do this a second time to make clear to those people who would wind up interpreting this measure what we mean by the word "processing". I will yield the balance of my time to the co-introducer, Senator Carsten, for that purpose and for also whatever other remarks he would like to make to enlighten us with respect to this amendment.

SPEAKER MARVEL: Senator Carsten.

SENATOR CARSTEN: Mr. President and members of the Legislature, as Senator Landis has said, it is important that we read into the record as we did once what we really mean and intend with this piece of legislation. And with your tolerance for a minute or two, I would like to reread that. The phrase "new manufacturing and processing equipment" is intended to include those types of machines commonly found in manufacturing and processing

May 6, 1981

LB 3

plants, such as press and milling equipment. It is not intended to include the normal business equipment such as electronic data processing equipment, telecommunications equipment, office typewriters and floor buffers. The phrase "new manufacturing and processing equipment" as used in the amendment excludes farm and ranch equipment. That is the intent of this amendment. It is very close to the committee amendment that we had originally had but the wording is more explicit and more desirable by a group of those that did meet, and this is a result of that. I believe that, as Senator Landis said, this is one that we can live with, one that does accomplish that which most of us intend to do. It is with that, Mr. President and members, that I urge you to adopt this amendment that Senator Landis and I have submitted to you. Thank you, Mr. President.

SPEAKER MARVEL: Senator Koch. Senator Koch, do you wish to be...your light is on. Senator Kahle.

SENATOR KAHLE: Mr. Speaker and members, I would like to know what the last line under number 2 means, install to achieve product diversification. Does that mean if you bought a new grinder to grind meat with you could take it off if you change the formula in your sausage? I think this is a night mare for an assessor or anyone to determine what in the world you are talking about. Product diversification could mean just about anything. You might even change the size of the package or slight change the ingredients, or change one nut on a manufactured product which would be diversification, or use it for a different purpose which I think is what the intent really is. But I can't understand how you could....I guess I would like to ask Senator Carsten or Senator Landis what you mean by a product diversification and how you nail it down. I know what Senator Goodrich means by it. He wants to make lawnmower engines instead of motorcycles which is fine, but I think there would be ten thousand plants in the State of Nebraska that could qualify under this definition. Senator Carsten or Senator Landis... Senator Landis.

SENATOR LANDIS: Yes, I will be happy to respond to that, Senator Kahle. We are talking about the addition of a new line. We are talking about the addition of a new product. We are not talking about a new screw here or different packaging. We are not talking about turning out the same product or a slight change in the ingredients. What we are talking about is the addition of a new product or a major material substantial change in the

May 6, 1981

LB 3

product so that it is essentially a different and diversified product, and I don't think we are talking about just an updating in design here, or that kind of a thing. Of course, the example that has been used in discussions is the example of the Kawasaki plant where instead of snowmobiles that part of the facility could be retooled, recharged and they would have the production of lawnmower motors. As you can tell, that is quite a substantial material change in a line and that is what we mean by diversification.

SENATOR KAHLE: How would you determine it in a rule book, and how would the assessor determine it? You know what you are talking about, I probably don't. But I just can't imagine how you determine what you are talking about by a new product or diversification.

SENATOR LANDIS: In answer to that question, Senator Kahle, the county assessor does not determine this. We are not putting on the backs of 93 county assessors the responsibility to apply their own standards. This being a sales tax issue, an exemption would be worked through the Department of Revenue. They have on many previous occasions dealt with problems of this nature and have been able to meet that challenge. I have every confidence that they will be able to take that language and indicate with the legislative intent that Senator Carsten has given it a clear and distinct meaning that is not going to present the kind of problems that you fear.

SENATOR KAHLE: Do you mean to tell me that the sales tax people are going to send out inspectors into these plants to check this equipment, when we already have that possibility within our counties by the assessor, and the board of equalization and the whole bit that is going to have to deal with these products anyhow, or this equipment, on a tax basis?

SENATOR LANDIS: One has to apply for that exemption, Senator Kahle. The person who is seeking the exemption from the sales tax makes application to the Revenue. That is where you are going to have your oversight. And certainly the Department of Revenue has the right for on-site inspection and the like if they wish to utilize that.

SENATOR KAHLE: Well, I can't buy that last line because it is just too broad. There is anything....you can throw the kitchen sink, the whole works in and change a product slightly and you're going to comply.

May 6, 1981

LB 3

SPEAKER MARVEL: Senator Carsten.

SENATOR CARSTEN: Mr. President and members, I think, to answer Senator Kahle, the explanation and the intent, and I want to reemphasize again, Senator Kahle, such as Senator Landis said, this is a responsibility of the Department of Revenue and the application has to be made there for the exemption, and the intent language and the enforcement thereof comes from the Department of Revenue and their interpretation and their rules and regs and their follow-up on the applications and so forth, I think, is going to be very clear to them, and I don't anticipate, nor do they, any problem in distinguishing that which is in your mind and mine right from wrong. Thank you, Mr. President.

SPEAKER MARVEL: Senator Newell.

SENATOR NEWELL: Mr. President and members of the body, I would like to kind of clarify the agreement that we have on this issue. It's not an agreement to agree. It is an agreement to narrow the issues so that we can decide in a very simple philosophical sense whether or not we like this amendment or not. Now it will come as little surprise to those who were at the meeting that I do not like this amendment. I think that Senator Kahle's comments are absolutely correct. It is broad and I think that we are giving an exemption not to those new industries and not for new jobs, but instead we are providing an exemption that will allow for certain groups to do what they want to do. We have always used the example, what about Kawasaki? What about taking care of those existing industries that aren't leaving the state but we really ought to take care of them? That's what this whole thing is about and I think it is wrong. I think that if we were talking about new industry, or an expansion of an industry, that would have been the most I could have accepted. But, obviously, we have gone beyond that. And one of the things that I think is also a problem with the bill is because we do have this definition, and it is tighter than the other ones that preceded it, and that, I think, is a positive thing. But this definition still will require a lot of judgment, as Senator Kahle has pointed out. I really think this should not be an exemption but instead should be a rebate, and, frankly, I think that is the only way it will actually work well, is to first buy the equipment, etcetera, etcetera, and then ask for a rebate if you meet the qualifications and regulations that the Department is going to make. But I guess

May 6, 1981

LB 3

for those people who can feel comfortable with this philosophical decision, that those are rules and regulations that we will have a chance to come on at a later time, Senator Carsten and the committee has indicated that they will look at this whole issue, and I think that is a positive sign. Frankly, I would urge my colleagues to oppose this amendment. The committee bill is the preferable approach. Frankly, it should be the one that we continue to stay with, and so I would urge this body to reject the Carsten-Landis amendment and to keep the committee bill as it was sent from committee as it barely got 5 votes to get out of that committee, and the agreement was to stick with it on the floor. Well, that's kind of fallen apart, so I, for one, will oppose this amendment and I urge my colleagues to do the same.

SPEAKER MARVEL: Senator DeCamp.

SENATOR DeCAMP: Question.

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

CLERK: 26 ayes, 0 nays to cease debate, Mr. President.

SPEAKER MARVEL: The motion is carried. Debate ceases. Senator Carsten, do you wish to close?

SENATOR CARSTEN: No, no closing, Mr. President. I think it has been fairly well explained and everybody knows what it is now. It's been circulated. You've had an opportunity to look at it. I just move for its adoption.

SPEAKER MARVEL: The motion is the adoption of the Landis-Carsten amendment to LB 3. All those in favor of that motion vote aye, opposed no. Record the vote.

CLERK: 26 ayes, 4 nays, Mr. President, on adoption of the Landis-Carsten amendment.

SPEAKER MARVEL: The motion is carried and the amendment is adopted.

CLERK: Mr. President, I don't think I have anything further, unless somebody wants to offer....I have nothing further, Mr. President, on the bill.

SPEAKER MARVEL: Okay, the motion is the advancement of

May 6, 1981

LB 3, 284, 284A

the bill to E & R for Review. All those in favor of that motion vote aye, opposed vote no. Record.

CLERK: 30 ayes, 5 nays, Mr. President.

SPEAKER MARVEL: Okay, the motion is carried. The bill is advanced. This is to remind you that at least to begin with, well, we will meet tomorrow at 8:00. We have got three and a half hours of Final Reading. Senator Kahle, do you want to adjourn us until eight o'clock tomorrow morning. Wait a minute...just a minute. Mr.....go ahead.

CLERK: Mr. President, I have a communication from the Governor addressed to the clerk. Engrossed LBs 284 and 284A were received in my office and signed by me on May 6 and delivered to the Secretary of State. Sincerely, Charles Thone, Governor.

SPEAKER MARVEL: Senator Koch.

SENATOR KOCH: Mr. Speaker, are you being optimistic when you say Final Reading, or is it going to be General File?

SPEAKER MARVEL: No, I am talking about Final Reading.

SENATOR KOCH: Well, we have done a lot of General File on Final Reading and I hope we really read tomorrow. I'm trying to help you out, sir.

SPEAKER MARVEL: Your point is well taken. Thank you, sir. Senator Vard Johnson, your light is on. Senator Kahle.

SENATOR KAHLE: Mr. Speaker and members, I move that we adjourn until eight o'clock tomorrow morning. I would also request that we be allowed to check in tonight. Forget the last part of it.

SPEAKER MARVEL: We are adjourned until eight o'clock tomorrow morning. All those in favor say aye. Opposed no. Motion is carried. We are adjourned until eight o'clock tomorrow morning.

Edited by Arleen McCrory
Arleen McCrory

May 8, 1981

LR 171 - 179
LB 3, 12, 257A, 404

SENATOR CLARK: The motion is to advance 404. All those in favor say aye. All those opposed. The bill is advanced. The Clerk wants to read some things in.

CLERK: Mr. President, study resolutions. LR 171 by Senators Schmit, Wiitala, Wagner, Maresh, Remmers, calls for a study to provide a review of the effects of a corporate structure of farm ownership and the economic and sociological impacts of such a structure on the surrounding community, the agricultural sector, and the general economy of the state. LR 172 offered by the Ag and Environment Committee. The purpose and intent of the resolution is to provide for an interim study of the practices and operations of various Natural Resources Districts and their impacts and inter-relationships with agricultural and environmental issues in the state. LR 173 by Senators Maresh and Kahle, the purpose being to provide for an interim study of the cases and effects of the rising incidence of pseudorabies among swine in Nebraska. LR 174 by Senator Newell calls for a study of the state and federal highway systems and the effect of these systems on the growth and development of the metropolitan areas in the state. LR 175 by Senator Newell, the purpose being to study the problem of deteriorated areas of Nebraska cities and villages and to analyze the sufficiency of our present community development laws. LR 176 by Senator Newell. The purpose of the resolution is to study the effect of the present tax structure on community development and of tax incentives to encourage redevelopment of substandard areas in our cities and villages. LR 177 offered by Senator Newell, the purpose being to study the effects on the tax base and revenue collection in nearby incorporated municipalities of Sanitary and Improvement Districts bondings and assessments. LR 178 by the Public Works Committee. The purpose of the study is to examine the issues related to the management, conservation, and beneficial uses of Nebraska's water resources. LR 179 by Senator Beutler, the purpose being to consider soil erosion as it relates to water quality problems. (See pages 1889 through 1894 of the Legislative Journal.)

Mr. President, new A bill, LB 257A, introduced by Senator Fowler. (Read title to LB 257A for the first time as found on page 1895 of the Legislative Journal.)

Mr. President, Senator Wiitala would like to print amendments to LB 3 in the Legislative Journal. (See page 1895 of the Journal.) That is all that I have.

SPEAKER MARVEL PRESIDING

SPEAKER MARVEL: Okay, the next bill is LB 12.

LB 3, 11, 12, 70, 95, 99, 228,
250, 257, 266, 266A, 296A,
310, 318, 328A, 369, 381, 384,
389, 428, 441, 470, 472, 472A,
497, 501, 506, 541, 543, 556A

May 11, 1981

PRESIDENT LUEDTKE PRESIDING

PRESIDENT: Prayer by Chaplain Palmer.

REVEREND PALMER: Prayer offered.

PRESIDENT: Roll call. Record the presence, Mr. Clerk.

CLERK: Quorum present, Mr. President, plus one.

PRESIDENT: A quorum being present, are there any corrections to the Journal?

CLERK: Mr. President, I have no corrections.

PRESIDENT: The Journal will stand as published. Any other messages, reports or announcements?

CLERK: Mr. President, I have an Attorney General's opinion addressed to Senator Chronister regarding compensation of rural water districts. That will be inserted in the Journal. (See pages 1899-1900 of the Journal.)

Mr. President, your committee on Enrollment and Review respectfully reports that we have carefully examined engrossed LB 3 and find the same correctly engrossed. 11 correctly engrossed, 12 correctly engrossed, 70 correctly engrossed, 95 correctly engrossed, 99 correctly engrossed, 228 correctly engrossed, 250 correctly engrossed, 257 correctly engrossed, 266 correctly engrossed, 266A correctly engrossed, 296A correctly engrossed, 310 correctly engrossed, 328A correctly engrossed, 369 correctly engrossed, 381 correctly engrossed, 384 correctly engrossed, 389 correctly engrossed, 428 correctly engrossed, 441 correctly engrossed, 470 correctly engrossed, 472 correctly engrossed, 472A correctly engrossed, 497 correctly engrossed, 501 correctly engrossed, 506 correctly engrossed, 541 correctly engrossed, 543 correctly engrossed. Those are all signed by Senator Kilgarin as Chair.

Mr. President, a new A bill, LB 556A, offered by the Speaker at the request of the Governor. (Read as found on page 1904 of the Legislative Journal.)

Mr. President, Senator Vard Johnson would like to print amendments in the Journal to LB 428 and Senator DeCamp to LB 318. See pages 1904-1906 of the Legislative Journal.)

PRESIDENT: The Chair recognizes Speaker Marvel for an explanation of order of business today on the agenda. Speaker Marvel.

May 11, 1981

LB 89, 3

Then I look at Judge Fahrnbruch's letter. Judge Fahrnbruch says we are having a difficult time with our criminal docket. Well the court has the ability to assign more than one judge to the criminal docket. If necessary I suppose it could put all five judges temporarily on a criminal docket. In addition the court is already bringing in at least one other judge because Judge Fahrnbruch says in his letter that Judge Furman has come in from Fremont to try a robbery case. There are other district court judges that the Supreme Court can assign and can come in to help the Lancaster County Court, Lancaster District Court I should say, to make certain that its docket in the criminal area and in other areas is kept current and this would only be a temporary condition in any event. It is not as though I am saying this bill should be killed. I am saying that in terms of prudent, economic and judicial management it ought to be deferred until next year and next year at this time, surely we will have the results of an overall judicial case load study and we can determine what appropriate judicial boundaries should be and where best to put our dollars to make certain that the needs of our citizenry are well maintained. I would hope that you would vote for this motion. It is a motion to bracket the bill until next year. It is not a motion to kill the bill. It is only a motion to bracket. I respectfully move the motion at this time.

SENATOR CLARK: The question before the House is the motion to bracket LB 89. All those in favor vote aye. All those opposed vote nay. Have you all voted? Voting aye, Mr. Clerk.

CLERK: Senator Clark voting aye.

SENATOR CLARK: Once more, have you all voted on bracketing the bill? Senator Johnson, I am going to call the vote. Record the vote.

CLERK: 25 ayes, 15 nays on the motion to bracket the bill, Mr. President.

SENATOR CLARK: The bill is bracketed. Are we ready to start on #6?

CLERK: Yes, sir. May I read a few things first?

SENATOR CLARK: Yes.

CLERK: Mr. President, very quickly, Senator Wiitala would like to print amendments to LB 3 in the Journal. (See page 1926 of the Legislative Journal.)

May 14, 1981

LB 3, 157, 157A, 168,
168A, 213, 213A, 252

PRESIDENT LUEDTKE PRESIDING

PRESIDENT: Prayer by the Reverend Iain Campbell of Avoca, Nebraska, Senator Carsten's pastor.

REVEREND CAMPBELL: Prayer offered.

PRESIDENT: Roll call. Have you all registered your presence? Record the presence, Mr. Clerk.

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

PRESIDENT: A quorum being present, are there any corrections to the Journal?

CLERK: Mr. President, I have no corrections to the Journal.

PRESIDENT: The Journal will stand as published. Any messages, reports or announcements?

CLERK: Mr. President, a communication from the Governor addressed to the Clerk. (Read, Re.: 157, 157A, 168 and 168A. See page 2011 of the Legislative Journal.)

Mr. President, an Attorney General's opinion addressed to Senator Hoagland on LB 213, one to Senator Kremer on LB 252 and a third to Senator Vickers on LB 252 and finally, Mr. President, I have a report of registered lobbyists for the week of May 8 through May 13. (See pages 2011-2019 of the Legislative Journal.) That is all that I have, Mr. President.

PRESIDENT: We are ready then to commence Final Reading. The Sergeant at Arms will secure the Chamber. All members will return to their desks and as soon as everyone is here we will commence Final Reading for today. We are on Final Reading. I understand there is a motion on the first bill so let's go with the motion, Mr. Clerk.

CLERK: Mr. President, first of all, Senator Wiitala and others had an amendment printed on page 1895. Senator, I understand you wish to withdraw that. Is that true? 1895, that is the one you want to withdraw?

PRESIDENT: Senator Wiitala. So that shall be withdrawn.

CLERK: Mr. President, Senator Wiitala now moves to return LB 3 to Select File for a specific amendment. The amendment is referred to on page 1926 of the Journal. You will find it in your bill books. It is printed separately. It is request #2392. It is offered by Senators Wiitala, Labedz, Higgins and Kilgarin.

May 14, 1981

LB 3

PRESIDENT: The Chair recognizes Senator Wiitala.

CLERK: Senator, it is in your bill book, all right. It is printed separately. It is request #2392.

SENATOR WIITALA: Mr. President, colleagues of the Legislature, I know it is rather breaking the faith to add an amendment on a major bill on Final Reading but doing so, I would like to give you a little bit of the history. There were similar amendments that I offered on LB 3 when it appeared on Select File. I received my amendments from the billdrafter quite late and they were being offered just as the debate was terminating on LB 3 and it was prepared to go to a vote by the body. Before I gave my amendments to the Clerk I talked to Senator DeCamp who has worked with Senator Goodrich on LB 3 and he convinced me that in order to get LB 3 advanced off of Select File, that I should be willing to offer amendments on Final Reading. So I am asking this body today to refer LB 3 back to Select File for my specific amendment. Basically my amendment takes into consideration the residential user of utilities. As the body may know, the residential user is the only person who is not exempt from paying sales tax on utilities. Industry and agriculture and most of the... industry and commerce and most of the operations in the agricultural field are exempt from paying the sales tax on utilities and I feel that as long as LB 3 is addressing the supply side of economics by granting exemptions to industries for new capital purchases, that I feel that we should also address the demand side of the economic curve as far as the consumers of utilities and the consumers of the goods that industry and commerce produces. So I am asking this body to consider an amendment that was first conceived of eliminating the sales tax on utilities completely, realizing that the residential user is the only party that has been required to pay for it. Every other sector has been granted an exemption but realizing also that this would have a fiscal impact of 16 million dollars to the best of my estimation, I decided that probably in the best interest of the state, that we would be better off to go to a straight 1½% sales tax on utilities for all sectors. The fiscal impact of this amendment would be around \$2,500,000. I would like to remind the body though, when you consider my first amendment, which had a fiscal impact of \$16,000,000 you are talking about \$16,000,000 that had been paid by residential users of utilities and that it came out of their pockets and their household budgets. Very few bills have been introduced on this floor for debate that address the plight of the residential homeowner. Years ago in the 1950s when we could buy a barrel of oil for fifty cents, a thirty gallon barrel of oil for fifty cents to a dollar, the tax on utilities did

not really amount to that much, did not have that much of an impact upon those people living in homes or apartments or agricultural homesteads. But today when the price of a barrel of oil is in the neighborhood of around thirty to forty dollars, the utility bill for residential citizens has risen dramatically. Where before they may have paid twenty to thirty dollars a month for heating and cooling, today they are faced with expenses in the neighborhood of eighty to upwards to a hundred and eighty dollars a month. What plain economics has done is almost driven people out of their homes, especially those that are retired and on fixed incomes. The problem is even more amplified when you consider that no one who has raised a family who is living in a three to four bedroom home that was built during the '50s, '40s, '50s, early '60s, that did not address, a home that did not address energy efficiency is finding themselves in a position when they can no longer afford to live in it. They do not have the money to make the necessary improvements in their home, to make their home more energy efficient and, therefore, lessen the utility bills. They cannot afford to go out and buy homes at the present prices that would allow them to have a one or a two bedroom home. They certainly cannot afford the interest rates. My amendment addresses the principle of equity and fairness, that when we consider granting an exemption to one sector, another exemption that just for a time, just for a moment, that we consider the residential user. In talking over the nature of this bill with the colleagues that signed on the first amendment and those that signed this present amendment, we have agreed, realizing that we are approaching the final days of this legislative session, that we should somewhat limit our debate on this issue and be as precise and as concise as possible. So with no further adieu, I would ask this body to refer LB 3 back to Select File for this specific amendment. Thank you.

PRESIDENT: The Chair recognizes Senator Kahle.

SENATOR KAHLE: Mr. President and members, I never have liked LB 3 very well and I guess with this kind of an amendment I might even favor it because I think it would certainly kill the bill. There are a number of things wrong with this idea. First of all, it is a gigantic step in a direction I'm not sure we want to go about again exempting income to our State and of course from a rural standpoint and the farmer and knowing the hundreds of thousands of gallons of fuel and natural gas and electricity, tractor fuel, propane, butane, gasohol that is used even with this 1½% tax would add a considerable amount to the cost of producing food and of course the farmer has no way of adding that on. It would be a

direct reduction in his income. There is no other way you can figure it. So, I just can't believe those that have signed this and brought this bill before us are serious. The other thing is that we have not studied it. We have not had a public hearing on this particular issue. It was brought up in the committee when we discussed LB 3 but it certainly was not brought up in the public hearing. So, I guess rather than talk for five minutes and tell you all the reasons why it is a pain in the neck, I will just say I hope you will oppose this amendment to bring back LB 3.

PRESIDENT: The Chair recognizes Senator Labeledz.

SENATOR LABEDZ: Thank you, Mr. President, members of the Legislature, Senator Kahle just mentioned and first I want to say that I am cosponsor of this amendment and Senator Kahle just mentioned that there was no public hearing on this particular issue but in the five years I have been here I have introduced that bill to exempt the sales tax on utilities every year as I did this year which was LB 61 and I have done so every year. I have even agreed to the 1½% on everyone rather than just have the homeowner pay it. Back in 1967 when I started working for the Department of Revenue and I opened up the Omaha office and I was licensing all the sales tax permits for the retailers I was amazed and argued extensively when we had hearings and meetings in Lincoln to the fact that the homeowner was the only people that were paying sales tax on utilities and business was not. Senator Kahle also mentioned that the farmers have no way of deducting the sales tax that they pay on utilities from their business. I assure you the homeowner does not either. I realize that there would be about fifteen to sixteen million dollar loss if we took the sales tax completely off of the homeowner. Therefore, we agreed that 1½% for everybody was fair. Nebraska's present sales tax policy is very inequitable because the residential consumers are taxed while the business interests are not. The sales tax on utilities is regressive in that a higher portion of the low income individual's annual budget must go to pay utilities. Presently the State of Nebraska exempts the sales tax on prescription drugs, medicines and so forth from the sales tax. We also provide a food sales tax credit to address to some degree the regressive tax on the sales tax on food and yet we do nothing with regard to the sales tax on utilities. In these three areas of necessary spending, and I am talking about medication and sales tax on food and utilities, the residents of this state, only the sales of utilities to residential users is taxed with no attempt by this Legislature since I have been here in the last five years to correct the situation. I really believe that the sales tax on

utilities is actually more harmful than the sales tax on food because we do get a food sales tax credit. If we tax everybody it may have to raise...if we took it off completely it would have to raise the income tax. I don't know if Senator Wiitala gave you the figures of what the revenue would be on a 1½% for sales tax on utilities for everyone but I think when I was checking it last year it was about \$13 million. I really believe when you stop to consider that about \$16 million is paid by the homeowner and only the homeowner and if you go back into your district and talk to some of the people and they realize, and a lot of people don't. I think in Omaha and in my district they realize it now because I talk about it all the time, that the homeowner pays the sales tax where business does not. Now the farmer, if he has two meters, he would be exempt on the meter that is used for business at the present time and he would have to pay sales tax on his home. If you are renting a home and you are the landlord and you pay the utilities, then that home is exempt because renting a home where the landlord pays the utilities automatically exempts it because it is considered a business but if you rent the home and you pay the utilities yourself of course it is taxable. So, I am saying to you that it is a very unfair tax. The people, the homeowners are definitely always the last one to...(interruption)

PRESIDENT: One minute, Senator Labeledz.

SENATOR LABEDZ: ...thank you, the last ones to get any break. We have given several, several exemptions and breaks to the businesses of the State of Nebraska. I think it is time now that we think of the homeowner and exempt the sales tax on utilities either entirely or with a compromise of 1½% for everyone. Thank you.

PRESIDENT: The Chair recognizes Senator Goodrich.

SENATOR GOODRICH: Mr. President, members of the body, could I have the attention of the rural senators of this Legislature because I have got something I am sure you will be interested in. What this bill does is it takes, let's just take Lincoln and Omaha for example, the sales tax on utilities is 4½% in Omaha, 4% in Lincoln. That would reduce that sales tax to 1½%. Now the method of accomplishing this, and there is nothing wrong with that idea in my book except the method they are taking here to accomplish this and what they are doing is they are adding a 1½% sales tax on natural gas, coal, fuel oil, diesel fuel, tractor fuel, propane, gasohol, coke, nuclear fuel, butane and gasoline. In other words, first of all,

they are going to put a 1½% sales tax on gasoline over and above the regular gas tax, 1½% sales tax on gasoline goes to the general fund. We also eliminate in this particular amendment, which I am not sponsoring incidentally, this is Senator Wiitala's amendment and I am opposing it. We also eliminate the sales tax exemption on water used for irrigation of agricultural land and for manufacturing purposes. In other words, the water you use to irrigate gets a 1½% sales tax. By adding the tax to the fuel for generating a utility plant we force up the price of utilities and give birth to a hidden tax. In other words, the utility companies are not going to absorb this tax increase. They are going to pass what they would have to pay for the fuel to generate electricity or to run utility plants all across the state, they would pass it right on to the consumer. Now, a couple of questions. Can you defend adding a 1½% sales tax on gasoline and having the money go into the general fund just to give a tax break to the residential consumers? Can you defend adding a 1½% sales tax to diesel fuel, tractor fuel, gasohol, propane and fuel oil all of which are necessary to keep a farm going? Why use the very legislative bill that was designed to attract industry to the State of Nebraska to add back a tax burden to that same industry and to penalize the rural sections of Nebraska to pay the tax relief for the urban areas? The issue of sales tax applicability to utilities is not a new one but has been discussed since the sales/income tax bills were passed in the Legislature in 1967 and hasn't been changed since. This same proposal was LB 61 which got killed in committee. I am saying, for example, that if you want to give a tax break on utilities, they eliminate the sales tax on utilities to residential users, do it in a separate bill. Don't tack it on to this particular bill but also by the same token, remember that what we are doing is penalizing the farmer in his fuel...

PRESIDENT: One minute, Senator Goodrich.

SENATOR GOODRICH: ...just to get the revenue to pay for a tax break to the urban areas, the areas where we have the city sales tax in effect and also the fact that each one of your constituents for example, would be digging into his left pocket instead of his right pocket to be paying the same tax. I urge you not to adopt this amendment. Thank you.

PRESIDENT: The Chair recognizes Senator Carsten.

SENATOR CARSTEN: Mr. President and members of the Legislature, I rise in opposition to the amendment. I think most of the major points have been made, however, I do want to draw attention to the fact that the administration compli-

cations from split rates really present problems to the Department of Revenue and that should this ever pass there should be a further, a later implementation date in order to avoid that confusion. I am concerned also and we know that we have the city sales tax option. Several cities are using it and how are those cities going to make up that loss that will be imposed upon them? I see nothing in this amendment that provides for that and I think that is a major consideration for those cities that do depend on that option that they have exercised. We have had the concept of this amendment before the Revenue Committee several times. Senator Labeledz is correct. It has never come out of committee and we are talking about exemptions and as I mentioned the other day on the floor, again, every little pin hole punctures your tax structure with every exemption that you add regardless of how small or how large and, again, this is another hole in that dam. One other thing that I want to alert this body to, you are fully aware that there is an interim resolution that has been assigned to the Revenue Committee that is going to be addressing the total tax structure and revenue sources for governmental subdivisions and particularly aimed at and consideration given to the property tax situation in Nebraska. Without question, this is an area that would have to and will have to be and will be included in our observations and analysis before we make our final recommendations to this body. I suggest that we refuse this amendment. It is absolutely contrary to the original concept of LB 3 and while I was not and still am not in complete agreement, it is one that I think we can live with and one that will be inviting to industry and will help our Nebraska economy. It would appear to me that this amendment is contrary to that which we had set out to do with the original bill. I urge you to not accept this amendment. Thank you, Mr. President.

PRESIDENT: The Chair recognizes Senator Howard Peterson.

SENATOR H. PETERSON: Mr. Chairman, I would call the question.

PRESIDENT: The question has been called for. Do I see five hands? I do. Senator Higgins, for what purpose do you arise?

SENATOR HIGGINS: A point of order. As one of the introducers of this amendment I have not had an opportunity to speak to it and I think in fairness I should be able to present my reasons for wanting to introduce this amendment.

May 14, 1981

LB 3

PRESIDENT: Well we will just have to wait and see how they vote to see if they want to vote. We have heard one, two, three, four, five, this is the sixth speaker already on this motion and we have a long agenda ahead of us.

SENATOR HIGGINS: How many for and against?

PRESIDENT: I am going to call the question. I saw five hands. All those in favor of ceasing debate vote aye, opposed nay. If you don't want to cease debate why you can vote against it. Have you all voted? Have you all voted? The motion is to cease debate. Record the vote.

CLERK: 23 ayes, 12 nays to cease debate, Mr. President.

PRESIDENT: Motion fails. Senator Hefner.

SENATOR HEFNER: Mr. President, members of the body, I rise to oppose this amendment. As a member of the Revenue Committee we have heard approximately the same bill many times and it is true. Maybe we should consider it a little bit more but I think as we come here today with only nine more days left, I think this is a poor place to put this amendment. Where are we going to pick up all this money that we are going to lose? I think that maybe if these senators are interested in this maybe they should introduce a study resolution on it so that we can go in depth, take a little more time and see if there is a need for a change. I haven't heard during the floor debate this morning where we are going to get all this money from and I realize that we do have problems, especially in the city areas and, therefore, at this late moment, I would urge you to defeat this amendment.

PRESIDENT: The Chair recognizes Senator Higgins. Here you go.

SENATOR HIGGINS: At last. Thank you, Mr. President, Senators, I introduced LB 256 as you know that would have taken away the 3% that the taxpayers pay to utilities to collect the sales tax. So that was the second public hearing this amendment had this year and at that time the fiscal analyst told us that the taxpayers are paying the utilities \$800,000 a year just to collect the tax. Senators, in your four year term that amounts to \$3,200,000 that you could be saving the state. Estimated the amount of sales tax collected and held by the utilities more than thirty days is \$2,222,216 and taxes are paid to the state after the last day of the month. So some of the funds are held and deposited by utilities for longer than thirty days. But for simplification let me say this.

If all the utilities collect a total of \$2,222,216 which is what they collected in 1980, over \$2 million in sales tax, and if they deposited that over \$2 million into a simple passbook savings where you get the lowest amount of interest, they make an additional 116,000 or 117,000 dollars in interest, thus the total amount utilities actually receive from sales tax collection fees and interest is almost a million dollars. It is \$916,916 a year. I want to draw your attention to something you may not be aware of. People who are indigent and on welfare, the state pays the utility companies direct for their heating bills so is the state paying MUD 3% to collect the sales tax on a bill that the state is picking up anyway? That is kind of like double taxation for the taxpayers. At the time my bill was introduced just asking the committee to allow my bill to come to the floor that would eliminate just the 3% fee, since the utilities are making money off of the banks with the sales tax they hold, Omaha Public Power District's lobbyist, Delbert E. Dirrim stood up and said, we don't want 3%. I have an amendment here for you senators and I want you to raise OPPD's fee to 5%. Consequently, two senators on the Revenue Committee asked for an audit of OPPD's books to see how they would justify 5%. Here is the answer that their lobbyist wrote. I won't give you all of it because it is very lengthy but he says, "At the time this request seemed easy but I discovered much to my surprise OPPD has never kept separate records of several of the cost factors involved with the exception of direct wage cost attributable to this function." And they collect 200 million dollars annually for their services. It has never been deemed necessary or worthwhile to keep separate records on these factors other than direct wage costs. Senator Carsten said something about how hard it was to keep these factors separate. There is your answer, Senator Carsten. OPPD does not even think it is worthwhile. It is such an insignificant thing and to this date OPPD has not come back and justified the 5% that they demanded and as far as the argument that the rural senators are going to pay through the neck, I think everybody here in agriculture knows that Senator Labeledz and I have always been a friend of agriculture. Any of you agriculture senators that want to put an amendment up there amending our amendment and excluding agriculture and a list of things that Senator Cal Carsten has read off, I welcome it. All we are trying to do is find some relief for the poor homeowner who is having a tough enough time paying their heating bills and their lighting bills and if we just get this off for them it will be something and the farmers can still go on and have their exemption. I certainly will vote for it. I know Senator Labeledz would vote for it. This is all I want to mention on this particular amendment that I had offered but I am speaking to the bill.

May 14, 1981

LB 3

PRESIDENT: Time is about up.

SENATOR HIGGINS: Thank you, Mr. President. As far as LB 3 goes I probably will vote for it. I'm just grateful that we got a chance to tell the rest of the Legislature what is really going on with the utility companies. Thank you, sir.

PRESIDENT: The Chair recognizes Senator Maresh.

SENATOR MARESH: Mr. President, I call for the question, please.

PRESIDENT: All right, do I see five hands? I do. The question is, shall debate cease. All those in favor vote aye, opposed nay. Record the vote.

CLERK: 26 ayes, 8 nays to cease debate, Mr. President.

PRESIDENT: The motion carries. Debate ceases. Senator Wiitala, you may close.

SENATOR WIITALA: Mr. President, members of the body, I am quite surprised at what is taking place here today in reference to this amendment. For the greatest portion of this session we have considered all kinds of, all nature of business that refers and reflects on commerce and industry and agriculture in this body. Two major bills were introduced this session that would directly affect the homeowner. One was the elimination of the sales tax on food and the other was the elimination of the sales tax on utilities. Time and time again they are heard in committee and are never referred to this body. In my opening remarks I apologized to you for introducing this amendment at a late moment but I want you to understand that this amendment had its hearing in Senator Labedz's bill, LB 61, and also I was kind enough to allow this amendment to be presented on Final Reading, realizing that it would be criticized. I agreed to the compromise not to offer it on Select File so that we could hear it today. We are interested in attracting industry to Nebraska and we are interested in preserving commerce and industry in this state but I think we should also be interested too in attracting people and maintaining a good life, not only for industry, agriculture and commerce but also for the residential homeowner or the person who dwells in a rented dwelling. The question is survival. I support LB 3 and I will continue to support it because I feel that it will help enable industry and business to survive in this state but I also say that one of the biggest questions that we are debating here is the survival of the

individual citizen when it comes to paying high utility rates and the taxes that are imposed upon them. I don't think this body has ever stopped to consider that these utility bills increase year after year, that the citizen is being asked, the residential user is being asked to subsidize, to continue to subsidize the state with more and more of the taxes that are imposed upon these utilities, that he takes up the greater percentage, the greater burden of these taxes. In Omaha it is even more severe where we have a 4½% sales tax and then you consider all the other taxes that we pay. Senator Goodrich said this is going to be an imposition on gasoline, not on gasoline as we buy it from the pumps but only gasoline in the form of a utility. Before I yield some time to Senator Labeledz I would like to say that when I conducted my campaign I conducted it door to door, residence to residence, homestead to homestead and there is no doubt in my mind that this is one of the major concerns of the people living in those homes, in those apartments. Just for once I would like to see us, rather than spending, to cut back on some of the taxes. We have a rare moment to do it and I hope we will take advantage of it and support it. I would like to yield the rest of my time to Senator Labeledz and would hope that you would support my motion. Thank you.

PRESIDENT: You've got a minute and a half left, Senator Labeledz.

SENATOR LABEDZ: Thank you, Senator Witala. Senator Carsten mentioned that the Department of Revenue would have a difficult time in the administration of a split fee but they already have, and in all the years that I have introduced the bill they have never come up with anything concrete or never objected to reducing the rate as they have in some states across the country. They have already got a split rate and so has the State of Nebraska when we have the Department of Revenue collecting 3% for the state, 3½ in some cases, 4, 4½ in other cases so we already have a split fee and of course, the State of Nebraska collects a 3% collection fee for collecting the city sales tax. Senator Goodrich mentions natural gas, coal, fuel oil, that the farmer would have to pay 1½%. Well I can assure you and you know that the homeowner has already been paying 3, 3½, 4, 4½% on natural gas, on coal, on fuel oil...

PRESIDENT: Half a minute.

SENATOR LABEDZ: Thank you, so the inequity of the sales tax on utility I am sure is clearly visible here and it indicates that this Legislature would be wise to tear down

May 14, 1981

LB 3

the fence of the inequitable and burdensome taxation that was created by the 1967 Legislature. At that time Senator Burbach and Senator...I think it was Walton, in the debate, and I don't have the debate in front of me but at length said in the last two days of the session before the sales and income tax law was implemented, that there was inequities and that in the future in the next year or two they would go over the exemptions because they knew that they were inequitable and that the homeowner was unfairly being treated but unfortunately nothing was done about it in the years thereafter. I urge you to adopt the amendment and make it fair to all instead of just to commercial use.

PRESIDENT: The question before the House is the adoption of the motion of Senator Wiitala to return LB 3 to Select File for the Wiitala specific amendment. All those in favor vote aye, opposed nay. Find all legislators. We are on Final Reading. You are supposed to be at your desks. Oh, it doesn't seem very much like it but we are. Have you all voted? Record the vote. A record vote has been requested.

CLERK: (Read record vote as found on page 2020 of the Legislative Journal.) 17 ayes, 26 nays, Mr. President.

PRESIDENT: Motion failed. Any other motions on the desk?

CLERK: Mr. President, Senator Beutler would move to return LB 3 to Select File for a specific amendment, that amendment being to strike the enacting clause.

PRESIDENT: The Chair recognizes Senator Beutler.

SENATOR BEUTLER: Mr. Speaker and members of the Legislature, I didn't plan to do this this morning but it seems like the emphasis has been all wrong this morning. I can see it going in the wrong direction entirely later on this morning. The main event, the main thought that has made me think that this is the best thing to do, I see now that Senator Maresh has an amendment to the food sales tax credit and that instead of returning 2 or 3 dollars to the homeowner in the state on the credit we can only return 1 dollar now because the budget can't afford it. We can afford to exempt 600 thousand dollars in revenue on LB 3 but in order to do that we have to cut down on the food sales tax credit now. Now the Governor has promised us and all those who have been supporting food sales tax credit have been promising us that it is a good system because they will keep up with the cost of food every year and now that promise lies destroyed or will shortly be destroyed. I have no doubt that that amendment will probably pass but, by golly, if that amendment

is going to pass, I don't see why this one should pass and I would rather see this one fail, LB 3 fail, and the homeowner of the state get his food sales tax credit rather than the other way around which I fear is what is going to happen this morning. I have seen no evidence to date that this bill is even really necessary. When I talked to my Chamber of Commerce and asked them what the number one problem is in Nebraska as far as attracting industry is concerned, and I think everyone outstate will tell you the same thing, the number one problem is, we don't have a labor force here in Nebraska. Our unemployment rate is so low that industry is afraid to come here because we do not have a labor force. Well maybe what we should be doing is trying to attract a bigger labor force. You know, if rationally the reason that we can't get industry, the main reason is that we don't have a labor force then shouldn't we be attracting a labor force? Shouldn't we have passed the Wittala amendment which would have made life more attractive for people considering moving into Nebraska or better yet, how do we keep all those people from moving out of Nebraska? During the 1970s we have a net export rate, I believe, in terms of people. How do we keep them in by making life more attractive in Nebraska? How about lessening the utility rate such as Senator Wittala suggested? Or if we are going to exempt industry, the use of equipment that is being used for the first time by new industry in the state, why don't we exempt from the sales tax, household appliances for people who first move into the state? Huh? Why not that? It is labor that we need. That is why we don't have more industry. So I really think that if the budget is so tight and if we have to cut out some things and apparently we do, I think that makes sense, that this is one of the things that can certainly go and certainly before we lower the increase in the food sales tax credit. Thank you.

PRESIDENT: The Chair recognizes Senator Nichol.

SENATOR NICHOL: Mr. Chairman, ladies and gentlemen, nine days. I am one who doesn't like to see bills harassed by putting on amendments and I am not saying you shouldn't put on amendments but I am begging you at this time, if it is necessary to put on amendments, please let's not talk it to death. We get up. We think we have to use our full five minutes which spends a little over four hours of everybody's time each time you talk five minutes of the collective time. So I urge us to get on with the business. If we must speak, let's keep it succinct and to the point so we get something done. Thank you, Mr. Chairman.

PRESIDENT: The Chair recognizes Senator DeCamp. Where is Senator DeCamp? Oh, you are recognized. Do you want to

May 14, 1981

LB 3

call it? The question has been called for. Do I see five hands? I do. Yes.

SENATOR BEUTLER: I would ask that the motion be rejected on the basis that there has not been a full and fair debate of the amendment.

PRESIDENT: Well you know my position on that, Senator Beutler. I do not favor ruling from the Chair when 25 of you can decide that for yourselves and since it is a motion to return for striking the enacting clause, you can do the same thing by voting against the bill on Final Reading so I am going to ask that those of you who are in favor of ceasing debate vote aye, opposed nay.

SENATOR BEUTLER: Mr. Speaker, I believe I have a right to a ruling from the Chair. I think I know what it is going to be but...(interruption.)

PRESIDENT: The ruling was that I am rejecting your request if that was not clear enough. The question before the House is, shall debate cease. Record the vote.

CLERK: 23 ayes, 17 nays to cease debate, Mr. President.

PRESIDENT: The motion fails. All right, the Chair recognizes Senator Wesely.

SENATOR WESELY: Mr. Speaker and members of the Legislature, following Senator Nichol's advice, I will be very brief. I think Senator Beutler has raised a very key issue. I think Senator Wiitala with his amendment did as well raise some points that I think need to be discussed. I supported the bill. I probably will continue to support the bill but there are some key points that need to be brought out I think in discussion and brought to the attention of the body. Number one, I don't think we really have looked at the situation nearly as well as we could. I know that Senator Carsten has promised that the Revenue Committee will look at the tax exemptions and review the situation and perhaps come up with some recommendations next year and I trust him at his word and hope that they will do that. Nevertheless, it is quite clear by looking at different information, you can find different answers to this situation. I have with me a copy of a report from the Advisory Commission of Intergovernmental Relations on Interstate Tax Competition that shows fairly conclusively that tax incentives really have very little impact on location of industry in this country, that other factors such as labor, such as market conditions, such as transportation all have much more important influences on where industry is located

than tax incentives. Nevertheless, I turned around and I have contacted the Department of Economic Development which indicates from the Industrial Facility Planner's View of special incentives report from a different think tank that tax incentives are very key to a location of industry and that it is a factor that they look at. And I suppose each of you have looked at different information sources and found different information and answers to questions you have about this legislation. So I don't think there is any clear-cut position that will definitely be right or wrong. I think probably it makes sense probably to provide an incentive for expansion in new industry in the state but at the same time if that means a tax loss without really any benefit, then I really question if it is a wise step to take but, nevertheless, I think it is one we probably ought to take at this time but I think we ought to review the situation and I certainly want to encourage Senator Carsten and the Revenue Committee to look at the package of what Nebraska offers new industry to come to this state. I think that is really the concept we have to push. What I think we have to do is assess Nebraska's standing, the business climate, the tax climate, the other factors involved as to where do we stand competitively with other states and I think we have to look at the broader picture in this area, not just this one issue and so I am hoping that the Revenue Committee will take that broader look and come back to us next year and show how the different incentives we have enacted and how the different factors in this state have influenced industry location to come to Nebraska because I think there are other factors involved and we should take a broader view of the whole situation. Nevertheless, I think probably the kill motion at this time is inappropriate but the Wiitala amendment made a lot of sense to me. I think what we are doing is constantly every year putting in a new exemption for this or that purpose and we never look back at other exemptions that we have granted and wonder whether or not they have served the purpose they were intended to serve. I think clearly I don't see the purpose in the exemption for businesses on... yes, I will be very brief, Senator Lamb. I don't really see the purpose involved in the sales tax exemption on utilities that businesses receive, yet the homeowner has to pay. I don't see why we continue to perpetrate that exemption and I think Senator Wiitala was right to raise that issue. So, why don't we take a little time to take a look at these exemptions and perhaps we can eliminate some that are no longer necessary and perhaps there are others that are more worthy that we ought to enact and I definitely think it is time to take a look at exemptions in this state and what value they have and what purpose they serve and whether or not they should be continued and

May 14, 1981

LB 3

I think that that is an important thing that we have, I think, seen in this bill and that is why I think Senator Beutler is right to raise the issue again. Senator Wiitala was right to raise the issue in his amendment. This is important. The tax structure of this state is so important to the economy of this state, the health and welfare of our people and I think that quite clearly this bill is a well intentioned bill and is probably worthy of passage, nevertheless, the broader issue of tax exemption has got to be dealt with in a broad sense by this Legislature.

PRESIDENT: The Chair recognizes Senator Goodrich. All right, thank you, Senator Goodrich. Senator Newell.

SENATOR NEWELL: Mr. President, members of the body, I rise to support the Beutler motion and I will be very brief. Basically we have heard promises all session long that this bill would not have a tremendous fiscal impact. The fiscal note says in the second year it is going to cost over 2 million dollars and about 600 thousand to the City of Omaha and probably a 100 thousand to the City of Lincoln--about 800 thousand to the City of Omaha. I asked Senator Goodrich on the floor, I said, with your amendments do you think this is going to be more than the committee amendments and he said he didn't think it would be. Well I want to tell you that it is and, therefore, my feelings have not changed on this bill. It is not going to do what the authors have promised. It is not going to bring in a lot of jobs. They refuse to put a sunset provision on it knowing full well that it would not bring in a lot of jobs. The purpose of this amendment is to shift the tax base. The shift of the tax base is a very simple one. You want to shift from industries in this state to the consumer again, to the average homeowner, to the wage earner and this kind of thing should not be tolerated by this Legislature. It may well be but it should not be tolerated by this Legislature. It is, again, just a shift. It is, again, another raid on the state treasury and I urge the body to support the Beutler amendment to bring this bill back and to kill it as it ought to be, should have been killed in committee and I would just remind the members of the committee who sent this bill out, that my predictions on its likelihood of staying intact were exactly fulfilled, I am sorry to say.

PRESIDENT: The Chair recognizes Senator Chambers.

SENATOR CHAMBERS: Mr. Chairman and members of the Legislature, I also support Senator Beutler's motion and I have to make a comment about some of the comments that have been made this morning relative to our procedures. Senator Nichol made a motion to return a bill from Final Reading yesterday

to Select File so when we, ourselves, want to do something, it is all right. If you have lined up votes or if you feel that it is an issue that nobody wants to talk about, it just happens by a roll of the dice that it doesn't take you very long. Other people have issues that because of the controversial nature of them, require some discussion. I also am troubled that when Senator Clark is in the Chair and an issue is going away that he does or does not want it to go, then he will rule that there has been enough debate or that there hasn't because I heard it the other day. Somebody called the question. I think Senator Haberman objected and the issue was one that Senator Clark was interested in so he said, I am going to rule that there hasn't been enough debate, but on others when far fewer people had talked, he said, well I am going to let there be a vote on the question. So there has been manipulation from the Chair and I have to say as I usually do at least once during the session, the rest of you can sit quietly, be intimidated and accepted but I won't. There is favoritism in this Legislature and you watch it and you can see it. So when the Lieutenant Governor had decided to use this tactic I had offered a motion up there to return the bill to committee. That would have ensured some of us who wanted the opportunity to address the issue the opportunity to do so. There are a multitude of attempts to silence people on this floor and some will consent to being silenced but I won't and on this issue I am in favor of Senator Beutler's motion and I had determined that I was going to be heard. There have been misstatements or misinformation given to this Legislature relative to this matter as it pertains to Omaha. There is what is known as an industrial tract out by the airport in Omaha where Cummins Engine Company had thought about erecting a plant. Now Senator Goodrich, I don't know if he has made reference to that plant but I know that former Mayor Veys, I am glad he is former, and a lot of other politicians from Omaha had said that were there a bill like this in place where sales taxes would be forgiven on the installation of new equipment that plant would have established there. Anybody who says that is telling a lie because Cummins Engine Company said they would not build a plant there because by it being near the river the soil is too weak to support the heavy type of industry that Cummins would be interested in carrying out. The reason this information came out, the mayor and some politicians from the Legislature had tried to tie that Cummins Company in with the construction of the North Freeway saying that if the freeway were in place Cummins Company would have located there. I have called directly to the company because I don't trust Omaha politicians and sure enough, the individual in charge of locating plants said the freeway had nothing to do with it

May 14, 1981

LB 3

whatsoever. The soil was too weak. Mayor Veys, Mr. Hassett, formerly of the city council, I'm glad he is former, and some other politicians had talked to the Peter Kiewit Company and said that the Omaha city treasury would be willing to come up from somewhere with from 5 to 7 million dollars to drive piles and reinforce the soil. Kiewit would hurry up and get this soil processed so that Cummins Engine Company could be prepared to build by the first of this year. I wrote a letter to Cummins and said, be careful, and I have the letter, because the politicians you are talking to probably won't even be in office at the time this proposed building date arrives, and sure enough, they are not in office. The mayor is gone and all seven of the council members are gone and the real story of why Cummins did not come here has not been told. The soil was too weak and Cummins owned property in another state already. That is why they didn't come to Omaha. This bill is going to serve a political purpose because it will enable certain people to say, look what we are doing to bring industry. Nobody can name a single industry that has promised to come to this state if this bill were in place. Cummins wouldn't do it and neither would any of the others. So I think it is a sham and a hoax on its lack of merit, period, but when you put the bill into the context of other things that are going to be done in the last few days of this session, there is no genuine justification for its being considered and passed. I hope that you will vote for Senator Beutler's motion because it does have great validity and understand this one other consideration. I come from one of the poorest districts in the state. This supposed industrial tract which was purchased...

PRESIDENT: Half a minute, Senator.

SENATOR CHAMBERS: ...with former speculation is near the district I represent. If there was a chance that this bill would bring jobs I would be in the forefront of pushing for it but it is not going to do that. Therefore, I am opposed to it and I support Senator Beutler's motion.

PRESIDENT: The Chair recognizes Senator Schmit.

SENATOR SCHMIT: Mr. President and members of the Legislature, I would have to rise in opposition to the motion to return the bill to strike the enacting clause but I want to point out that Senator Beutler has raised some questions which need to be addressed. I want to also point out that Senator Wiitala, Senator Labedz, Senator Higgins had some merit in their proposal this morning. I wonder how many people on this floor recognize that farmers who have their

farm meter and their house meter on the same meter pay the sales tax on the entire rural electric bill. I think a lot of people do not realize that. If you have your farm meter and your home meter on one and the same you pay the 1½% sales tax on the entire bill. Now if you have a separate meter for the farm and a separate meter for the house, interestingly you pay, in my area, a \$6.00 flat rate on the house and nothing on the farm but the majority of those operations are not split and as a result the farmer pays the 1½% sales tax. I think it points up again the importance of the Revenue Committee's responsibility during this forthcoming interim period. I think that the entire issue needs to be re-searched. I think there need to be some definite guidelines laid down and there need to be some parameters laid out that will provide some kind of equity. I know what Senator Labedz refers to when she talks about those homes that are thirty, forty, fifty, sixty, seventy years old. I live in one and notwithstanding our best efforts, it is not easy to heat and the electricity bill is extensive. So I think that there needs to be some really deep consideration again. I have said it before. I have said it before the Revenue Committee and I say it now. When you look at the tax structure of the State of Nebraska you cannot do it one patch on the quilt at a time. It requires a major effort. The committee probably has the toughest responsibility of any committee of this body and I just hope that during the next period we will all give them the kind of cooperation we need so that we do not need to try to do this kind of piecemeal work on the floor. It is a tough job and I think that we need to look at it in the overall context as to how each individual exemption affects another. I think that Senator Labedz, Senator Higgins, Senator Wiitala did us a service by bringing that amendment to our attention. I think we should consider it because a lot of rural people do not realize that they pay the sales tax on their entire farm operations.

PRESIDENT: Before we go to the next speaker, the Chair would like to introduce from Senator Lamb's district some 15 students, fifth through eighth grade and twelve adults from Westerville, Custer County, Nebraska, up here in the North balcony with Mrs. Beran, teacher. Welcome to your Unicameral. Stand up. The Chair recognizes Senator Labedz. All right, the Chair recognizes Senator Vard Johnson.

SENATOR V. JOHNSON: Mr. Speaker and members of the body, as a member of the Revenue Committee who have heard the testimony regarding LB 3, I continue to be reminded of how

less developed societies, maybe more primitive societies, have from time to time viewed the presence of evil in their midst. Oftentimes in less developed cultures when evil befell a family or evil befell the society such as the plague, economic disasters, crop failures and what have you, the way the society handled the presence of evil in its midst was to ascribe this economic disaster or these personal harms to witchcraft and so that society then began a general exorcism of the witchcraft in its midst and what the society would do is it would use its shamans and its chiefs and its medicine men and the like to search out whoever the witch was and to then destroy the witch, because if the witch were destroyed, economic disaster would no longer reign, personal harm would no longer occur and society could be made whole again. Now the reason I draw that analogy is because I heard, in effect, the same testimony regarding LB 3 but of course, we are not a primitive society nor are we a less developed society. We are a rational society. We had in our committee, a number of economic developers, industrial developers who came in and testified about the purposes behind LB 3 and I asked each of the persons who testified if they could assure me there would be any causal relationship between the grant of this sales tax exemption and the movement of industry into Nebraska or the expansion of existing industry in Nebraska and not one person, because they are honest people could give me that assurance. Not one person could say there was a cause and effect relationship. The most that could be said on behalf of the bill was that this bill would provide the economic and industrial developers an additional tool so that they could compete with other states for the location of industry here. But as Senator Wesely has pointed out, the American Commission on Intergovernmental Relations has shown through its studies that state after state after state is being whipsawed by industry after industry after industry to grant tax exemption after tax exemption under the guise, under the guise, of ensuring growth in that state of industry or movement to that state of industry. It is the equivalent, in my opinion, of trying to exorcise the demons. It is not dealing with hard core reality and what is reality in this area? Reality is that this bill at this juncture has a \$900,000 price tag for this fiscal year for the State of Nebraska and a 2.1 million dollar price tag for the next fiscal year for the State of Nebraska and according to the fiscal analyst, those figures are conservative. In addition this bill would have approximately an \$800,000 price tag to the City of Lincoln or to the City of Omaha through the lost sales tax revenues and approximately a \$250,000 price tag to the City of Lincoln year in and year out through the lost sales tax revenues. What we have very simply is another erosion of the state sales tax base under the guise of promoting industry but we have not been given one iota of assurance, not

May 14, 1981

LB 3

one scrap of knowledge, not one indication that, in fact, this exemption will promote industry.

PRESIDENT: One minute, Senator.

SENATOR JOHNSON: The most you and I know, ladies and gentlemen, colleagues, fellow members, is that our state sales tax and our local sales tax base will be eroded. It will be eroded in our search for the demons that have caused us to lose Case-Cummins, our search for the demons that have caused development to slow down. Development will occur as we reward and promote existing industry as we continue to educate our labor, as we continue to look for technicological innovations. It will not occur through our continued exemption of the sales tax base. One final note, this bill will cost the state more money in the end than the Governor vetoed from the ADC budget in his veto message. Now you think about that. In a sense if we pass this piece of legislation we, in effect, are causing a revenue loss which is greater than the amount of money that the Governor was prepared to deny the lowliest and neediest of this state. I ask you to support the Beutler amendment.

PRESIDENT: The Chair recognizes Senator Cope.

SENATOR COPE: Mr. President, members, I oppose the kill motion on LB 3. Senator Newell said there would be a fiscal change of two or three million dollars. I say there will be a fiscal change but it is going to be on the plus side if this bill is passed, not this year but in the future. Stop to think. Who pays the taxes, state taxes in Nebraska? People generally in the ages of eighteen to sixty-five. Now those are people that have to have jobs or we don't get those taxes. It is a pure, simple mathematics. Where do the jobs come from? A lot of them come from industry and anything that we can do to enhance industry, I think we must do. I think for every dollar that is exempt from sales tax for machinery is going to be returned many, many fold. It just makes sense. Think it over. The more jobs, the more taxes, the more money that is sent back to local government to do the things, the more money for the elderly. They are not adding, that is generally, as much they shouldn't be to the tax base of Nebraska. They have done their share but they are receiving the good things in return. For goodness sake, let's don't kill LB 3.

PRESIDENT: Senator Beutler, I will recognize you at this time. I think you have a....

May 14, 1981

LB 3

SENATOR BEUTLER: Mr. Speaker, members of the Legislature, at this point in time I would like to withdraw the amendment. It is not my intent really this morning, to try to kill this bill but I would like to substitute for the amendment, a motion that we pass over LB 3 until LB 12 has been read on Final Reading. I so move.

PRESIDENT: That would be changing the Speaker's order. Speaker Marvel. I would have to take that right now, Senator Beutler, as a changing of the Speaker's order which would require 30 votes. All right. Speaker Marvel, would you respond to Senator Beutler's request?

SPEAKER MARVEL: Yes, sir. Do you want to pose the question to me?

SENATOR BEUTLER: Mr. Speaker, I would like to request that LB 3 be passed over until two bills down, LB 12 has been read on Final Reading. That is the food-sales tax credit bill.

SPEAKER MARVEL: You understand, Senator Beutler, if we get into this kind of a process there is...in fairness, if we grant you this then somebody else will have a right to the same grant. I would suggest that...

SENATOR BEUTLER: Mr. Speaker, I think you are right. I think it is a bad process. I will withdraw the motion.

PRESIDENT: Okay, Senator Lamb, for what purpose do you arise?

SENATOR LAMB: Well, I guess, Mr. President, members, I would rise at this point, I was going to speak on the motion to indefinitely postpone the bill which I would oppose but at this point I guess I see us wasting time. As Senator Nichol pointed out this morning, we have nine days left up there. We spent a long time on this motion that Senator Beutler had. Then he withdrew the motion. I would hope that that sort of thing would not happen as we continue in these last days of the session. The Speaker has repeatedly ...

PRESIDENT: I believe, now you have withdrawn, haven't you, so we are ready for the Final Reading I think, unless there is another motion on the desk. Senator Lamb, I think the body has reached your point. Thank you.

SENATOR LAMB: Thank you very much.

PRESIDENT: Mr. Clerk, is there another motion?

May 14, 1981

LB 3, 11, 11A

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

PRESIDENT: All right, so we are ready then for Final Reading on LB 3. Will all members please be at your desks as you should be anyway. Proceed, Mr. Clerk, with the Final Reading of LB 3.

CLERK: (Read LB 3 on Final Reading.)

SPEAKER MARVEL PRESIDING

SPEAKER MARVEL: All provisions of law having been complied with, the question is, shall the bill pass. Those in favor vote aye, opposed vote no, LB 3 on Final Reading. Have you all voted? Okay, record the vote.

CLERK: (Read record vote as found on page 2021 of the Legislative Journal.) 38 ayes, 2 nays, 1 present and not voting, 1 excused and not voting, Mr. President.

SPEAKER MARVEL: LB 3 is passed on Final Reading. The next bill on Final Reading, LB 11E.

ASSISTANT CLERK: (Read LB 11E 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? All those in favor vote aye, opposed vote no. Have you all voted? Clerk, record the vote.

ASSISTANT CLERK: (Read the record vote as found on page 2022 of the Legislative Journal.) The vote is 41 ayes, 6 nays, 1 excused and not voting, 1 present and not voting, Mr. President.

SPEAKER MARVEL: The bill is declared passed on Final Reading with the emergency clause attached. The next bill on Final Reading is LB 11A.

ASSISTANT CLERK: (Read LB 11A 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 nay. Record the vote.

ASSISTANT CLERK: (Read the record vote as found on page 2023 of the Legislative Journal.) The vote is 42 ayes, 5 nays, 1 excused and not voting, 1 present and not voting, Mr. President.

SPEAKER MARVEL: The bill is declared passed on Final Reading with the emergency clause attached. The next item is LB 12.

May 14, 1981

LR 182, 183
LB 3, 273, 346, 404, 46

Mr. President, Senator Beutler would like to add his name as cointroducer to Request 2392 as an amendment to LB 3.

Mr. President, your committee on Enrollment and Review respectfully reports they have carefully examined and engrossed LB 273 and find the same correctly engrossed; 346, correctly engrossed; 404, correctly engrossed. And I have an Attorney General's Opinion addressed to Senator Haberman regarding LB 46. (See pages 2030 through 2033 of the Legislative Journal.)

Mr. President, two new resolutions. LR 182 offered by Senator Cope and 46 other members. (Read LR 182 as found on page 2034 of the Legislative Journal.) Mr. President, LB 183 introduced by Senators Higgins, Labedz and the membership. (Read LR 183 as found on page 2034 and 2035 of the Legislative Journal.)

SPEAKER MARVEL: Now is she....will Mrs. DeCamp please come forward so we can wish her the best. There you are.

MRS. DeCAMP: I thank you very much.

SPEAKER MARVEL: Your speeches are a little shorter than your husband's. Senator Haberman, would you like to recess? Yes, he has already recessed....will you tell him to recess us until 1:30.

SENATOR HABERMAN: I move we recess until 1:30, Mr. President.

SPEAKER MARVEL: All those in favor of that motion say aye. Opposed no. The motion is carried. We are recessed until 1:30.

Edited by:

Marilyn J. Zank
Marilyn J. Zank

May 14, 1981

LB 3, 11, 11A, 12, 70, 99, 146,
184, 228, 250, 266, 266A, 296,
296A, 310, 328, 328A, 361,
366, 369, 376, 561

Mr. President, your committee on Enrollment and Review respectfully reports they have carefully examined LB 184 and recommend that same be placed on Select File with amendments; LB 376 placed on Select File with amendments. Those are both signed by Senator Kilgarin as Chair.

Mr. President, LBs. 3, 11, 11A, 12, 70, 99, 146, 228, 250, 266, 266A, 296, 296A, 310, 328, 328A, 361, 366, and 369 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 3, LB 11, LB 11A, LB 12, LB 70, LB 99, LB 146, LB 288, LB 250, LB 266, LB 266A, LB 296, LB 296A, LB 310, LB 328, LB 328A, LB 361, LB 366, LB 369. Okay, if we may have your attention, the first item will be from the Clerk's desk and the second item will be Senator Warner's. So, Mr. Clerk.

CLERK: Mr. President, I have a letter addressed to the membership from Senator Warner who is Chairman of the Appropriations Committee. (Read. See pages 2052 and 2053, Legislative Journal. Re: Line item vetoes of LB 561.)

SPEAKER MARVEL: Senator Warner, you are recognized to comment on the letter just read.

SENATOR WARNER: All right, Mr. President, again under the provision of the rule, the Appropriations Committee is to make such report, and as the report indicates, there was one item which the majority of the committee did support to offer a motion for override which at the time which will be designated by the Senator representing the majority of the committee's position on that issue. The other portion I might just go through briefly with you is the second and third page which is to give you for your information. Page two that is an analysis of the Governor's line item vetoes points out those vetoes that occurred relative to committee recommendations and it shows what the collective floor amendments were, and the last group indicates the vetoes that were relative to the floor amendments and shows the total dollar amount then of \$728 million to \$74,747 that would remain under the Governor's veto as the legislation now stands. If you look at page 3, headed Financial Status Summary, it is similar to what is on the back of the agenda but in a slightly different form. Above the line at the top it shows again the original committee level of recommendation in those bills. The next shows the allocation for A bills that was originally recommended, that subtotal, and then it shows the amount that was

May 18, 1981

LB 3, 234, 248, 248A,
366, 427, 427A, 561

eight o'clock which means you can come in at eight o'clock and not make too much noise and there will be a general turn-over and it won't really affect anybody too much.

CLERK: Mr. President, a communication from the Governor addressed to the Clerk. (Read. Re: LBs 3, 248, 248A, 366, 427, and 427A. See page 2077, Legislative Journal.)

Mr. President, Senator DeCamp would like to print amendments to LB 234 in the Legislative Journal.

SENATOR CLARK PRESIDING

SENATOR CLARK: I would like to announce Senator Remmer's guests, Merle Prior from Falls City, Gladys Koeppel from Auburn and Muriel Scott of Auburn. They are under the South balcony. Would you stand and be recognized? Senator Dworak has 26 fourth grade students from Highland Park, Columbus with two adults. Mr. Dennis Smith and Dale Brinkman are the teachers. They are in the North balcony. Will you raise your hands and be recognized please? Also Al Boettcher from Fairbury and Stephen Songster from Exeter, Mr. and Mrs. Boettcher are from Senator Burrows' District. He was the Speaker of the Silver-haired Legislature. Stephen Songster is from Senator Maresh's Office and he was a member of the Silver-haired Legislature also. I don't know where they are but will you stand and be recognized please? Welcome to the Legislature, all of you. The first motion under #5.

CLERK: Mr. President, Senators Dworak, Fowler, Stoney, Lowell Johnson, Cope and Marsh, pursuant to Rule 6, Section 4 move to override the Governor's line-item veto of the Department of Public Institutions, Program No. 424 - State Aid - Community Mental Retardation, including the final budget for each mental retardation region shown in Section 11 on pages 10 and 11 of the bill. (LB 561.)

SENATOR CLARK: Senator Dworak.

SENATOR DWORAK: Mr. President, colleagues, I find myself in a role this afternoon I am not too often in and that is advocating a veto override. I might mention the reason I am speaking instead of Senator Warner is that the Appropriations Committee was split on action or on the Governor's vetoes and Senator Warner voted in the minority. I might also suggest that I think many of those minority votes were not necessarily on the specific issues but rather in just a general philosophical approach to sustaining the Governor all the way across the board. My personal opinion is this seven hundred and seventy some thousand dollars that five