

January 19, 1981

LB 357-388

Journal a motion he is submitting pursuant to Rule 6, Section 2, to rerefer LB 245.

Mr. President, new bills: (Read title to LB 357-388 as found on pages 261-268 of the Legislative Journal.)

SPEAKER MARVEL: Your agenda for tomorrow will show that we will adjourn until 9:30 a.m. There will be a chairmen's meeting at nine o'clock and Exec Board at eleven o'clock. Those two latter meetings will be in Room 1520. Senator Haberman, would you like to adjourn us until nine-thirty tomorrow.

SENATOR HABERMAN: Mr. President, I move that we adjourn sine die until nine-thirty tomorrow morning.

SPEAKER MARVEL: Leave out the sine die.

SENATOR HABERMAN: Move we adjourn until nine-thirty tomorrow morning.

SPEAKER MARVEL: All those in favor say aye, opposed no. We are adjourned until nine-thirty tomorrow morning.

Edited by:


Mary A. Turner

March 4, 1981

LR 21, 28
LB 173, 195, 382, 384, 385

SPEAKER MARVEL PRESIDING

REVEREND LELAND OSWALD: Prayer offered.

SPEAKER MARVEL: Roll call. Record the vote.

CLERK: Quorum present, Mr. President.

SPEAKER MARVEL: Item #3.

CLERK: Mr. President, your Committee on Public Works gives notice of hearing in Room 1517 for March 11 on LR 21.

Mr. President, on Public Works whose Chairman is Senator Kremer to whom was referred LB 382 instructs me to report the same back to the Legislature with the recommendation it be indefinitely postponed. (Signed) Senator Kremer.

Mr. President, new resolution, LR 28, offered by Senator Dworak. (Read LR 28 as found on page 737 of the Legislative Journal.) That will be laid over, Mr. President.

Mr. President, your Committee on Agriculture and Environment whose Chairman is Senator Schmit reports LB 173 to General File with amendments; LB 384 to General File with amendments; and LB 385 to General File with amendments. That is signed by Senator Schmit as Chairman. (See pages 737 through 739 of the Legislative Journal.) That is all I have, Mr. President.

SPEAKER MARVEL: Okay, we are ready for item #4, motions, and the first one is LB 195.

CLERK: Mr. President, Senator Warner moves to return LB 195 to Select File for a specific amendment, that amendment being to add the emergency clause.

SPEAKER MARVEL: Senator Warner.

SENATOR WARNER: Mr. President and members of the Legislature, I forgot to do this yesterday when it was on Select File. This was the bill that dealt with the investment procedures for fire and casualty companies and I think it is generally recognized that it is useful and helpful information or legislation and it ought to be put in effect earlier, and, of course, with the emergency clause it can. So I move the bill be returned

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LB 384, 284, 387, 394

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

CLERK: 26 ayes, 13 nays Mr. President on the motion to advance the bill.

SPEAKER MARVEL: The motion is carried and the bill is advanced.

CLERK: Mr. President, while we are waiting I have amendments from Senator Koch to 284 and from Senator Fowler to 387 that they would like inserted in the Journal. Senator Nichol offers an appreciation note. Senator Hefner asks unanimous consent to add his name to LB 394 as co-introducer.

SPEAKER MARVEL: If no objections, so ordered. We will start with 384 and the Clerk will. . . .

CLERK: Mr. President, LB 384 was a bill introduced by Senator Loran Schmit and Senator John DeCamp. Read title. The bill was first read on January 19th. It was referred to the Ag and Environment Committee for hearing. The bill was advanced to General File. I do have a committee amendment from the Ag and Environment Committee, Mr. President.

SPEAKER MARVEL: Senator Schmit.

SENATOR SCHMIT: Mr. Chairman, I move the adoption of the committee amendments. The committee amendments are very simple, Mr. President, they include in the provisions which allow for lending privileges the credibility for apiaries. That was done at the request of Senator Richard Peterson who is in the bee business and he asks that we do it and the committee consented and I ask the amendment be adopted.

SPEAKER MARVEL: The motion is the adoption of the committee amendments to LB 384. All those in favor of adopting those amendments vote aye, opposed vote no. Have you all voted? Record.

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

SPEAKER MARVEL: The motion is carried, the committee amendments are adopted. Senator Schmit, do you want to explain the bill before we proceed further.

SENATOR SCHMIT: Mr. President and members of the Legislature, the bill is very simple. It follows along the procedure which was adopted several years ago in a bill that provided for low cost financing for homes. All of us recognize that the present rates of interest are prohibitive in regard to young people beginning an enterprise in agriculture. The committee felt, and Senator DeCamp and I concurred, that if we were allowed to form this corporation to issue bonds for the financing of agriculture that we could encourage new people into agricultural enterprises. I would hope that the legislature would concur, would advance the bill. There are several amendments which need to be adopted. I am sure that there are other persons who have questions about the bill. I want to say this. There has been some concern raised that the bill does not provide sufficient limitation which would prevent present large scale operators from entering into the utilization of this fund. I and members of the committee feel that the way the board is made up we would not allow the fund to be utilized by wealthy people. The intent of the bill is to bring new people into agriculture, to provide low cost financing for those who want to get into farming. There are those who are concerned that the net worth requirement is not specified in the bill which has been done in the area of the home mortgage act. I want to say this that those of us who are engaged in agriculture know that unless you already have some money to invest, or unless you have a father, relative or friend who will assist you, it is virtually impossible to buy a farm and start farming and be a successful person. But that is true of any other business. There are very few businesses that you can borrow all of the money and get started and be successful. I would be glad to answer any questions in regard to the bill. Senator DeCamp is more versed upon it than I am. He is an expert in this area, as he is in many other areas. Senator Wesely has some amendments which I do not agree with. He is also somewhat of an expert having served four months as an advisor to the small family farms group which qualifies him in a very unique way. There are other people who might have some amendments to offer to the bill. I would suggest that the bill is a very necessary piece of legislation and is not the tax dodge which some of my members, my colleagues would want it to be. I would hope that the bill would be advanced. I would be glad to answer any questions that you might have and if there are any other comments, I would be glad to comment on them later on.

SPEAKER MARVEL: Senator DeCamp, do you want the floor?

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SENATOR DeCAMP: Mr. President and members of the Legislature, I'll try to be very brief because the hour is late and maybe I can best explain the bill and all of its aspects by reading two or three paragraphs from a speech. I did not give the speech. The speech was given by a guy named Charles Thone on the 14th of January, 1981 to the Legislature of the State of Nebraska. Here is what the Governor said. "I urge the Legislature to give favorable consideration to legislation to provide a new source of credit for hard pressed farmers and ranchers." The proposed tax exempt agricultural development bonds could do a great deal to help preserve the family farm faced with unstable farm prices and record inflation. Nebraska's agricultural sector is more heavily dependent than ever on the availability of farm credit at affordable rates. Agricultural development bonds, revenue bonds, have demonstrated their effectiveness in Louisiana, Oklahoma and Alabama and the Iowa legislature recently authorized their use. The bonds are secured by, and this is an explanation of the bill really in its utter simplicity, the bonds are secured by and payable from a portfolio of farm loans which are used to purchase land, buildings, equipment, machinery, possibly livestock. They are issued by the state as mortgage revenue bonds now are, agricultural development revenue bonds are repaid from program revenues. No funds or revenues of the state are required to repay the bonds or to defray the expenses of issuance or servicing. So what it is is simply a lower interest financing scheme program family farms, this type of thing and it is no cost to the state and of course you will hear the objections but yes this takes the money out of the federal treasury. Indeed it may take some money out of the federal treasury for the benefit of Nebraskans and I'm willing to do that. There may be some objections, we may need to have some more identifiable standards in their as to just who can qualify, I'd certainly be willing to listen to any suggestions maybe between here and the next time it would come up on Select File, if it moves today, or we could find some standards that satisfy people.

SPEAKER MARVEL: Okay, Senator Wesely.

CLERK: Mr. President, Senator Wesely moves to return LB 384 to the Ag and Environment Committee.

SENATOR WESELY: Mr. Speaker and members of the Legislature, I thought that there were some other amendments coming up before that but I guess it is appropriate that this be the first one to be considered. I passed out on your desk a

handout which identifies some state beginning farmer loan programs which have been developed in other states. This was put together by the Center for Rural Affairs just recently a few months ago and will give you an idea of what other states are doing to try to encourage the small beginning farmer. I don't see any problem with the attempt that LB 384 is trying to accomplish. I think the goal is worthy. My concern is the means by which the end is to be accomplished. I think there are a number of problems with the bill that need to be addressed and I think that if you have taken some time to look at the bill in very much detail, it is not very clear exactly what the purpose of the bill is. Because, it really doesn't mention the fact that we are trying to help small, perhaps new, beginning farmers to get started in agriculture. Although that is the intent of the introducers and I respect that, my concern is that you pass legislation that specifically deals with what you specifically which to accomplish and I don't think this bill does that. I have been supportive of the mortgage finance fund. I think that they have done a fine job but we have seen in the past that there are always some problems when you are not very specific in what you are trying to accomplish. That is an example where there were a lot of concerns about the fact that the low income individual trying to be helped to get his first home was not in fact really the focus of the initial bond issuance. The second time around they did focus on that. My concern is that I don't want to see this problem repeated and in fact expanded upon. I think what you really need to do is sit down with this bill and provide for some sections that are not in the bill now that I think would take care of some of the problems. First off. . . .

SPEAKER MARVEL: We are getting close to when we are going to close and we would appreciate your attention so the Chair at least could hear what the speaker out in the legislative chamber is speaking. Go ahead Senator.

SENATOR WESELY: Thank you, Mr. Speaker. I would suggest that we look at some possible changes in the bill which would establish an eligibility section, strengthen and clarify the intent section so that we really do specify who we are trying to help with this bill. We should add reporting requirements so that we know who in fact will be helped by the bill. I think that we should also add farmers as individuals on the board. There are

farmer....real estate representatives and such on the board but there aren't any real farmers that are on the board although the public at large is allowed to have a couple of representatives. I think the bill itself could be cleaned up in a couple of ways but I would also suggest that I would like to return it to committee because I think the committee ought to take a look at the number of states that weren't looked at in developing this bill. I think that you could take a look at North Dakota, Minnesota and a number of other states which have pretty good beginning farmer programs started. You could compare the different states. You could understand what they have done, what they have accomplished, how they accomplished it, where their problems were and I see no point in passing legislation at this stage without understanding what other states have done, learning from their mistakes and putting together the best possible bill that we can. I don't think that LB 384 is that bill at this point, although I think with some revisions it could be that bill. So I guess I'm not saying, no it is a bad bill, no it is a bad idea. I'm saying that perhaps we need to take a little more time with it. I would suggest even interim study to take a look at the situation, look at other states and not move hastily because what could happen is we could see millions and millions of dollars issued in these bonds. We could have some problem with interpretation of what the intent of the bill was, no matter how much we talk about it on the floor, it could end up being misdirected from what we really want to see done and I think we need to take our time with it because we are talking about a lot of money and a very important purpose. I'm suggesting let's take that time and refer it back to committee and take a look at this over the interim.

SPEAKER MARVEL: Senator Vickers. On the Wesely amendment.

SENATOR VICKERS: Mr. Speaker and members, I'm not quite sure. . . .

SPEAKER MARVEL: The motion is to return the bill to the committee.

SENATOR VICKERS: I think I will go ahead and speak to that motion anyway, Mr. Speaker. I guess I would, from my point of view I would rise to do almost anything with this bill except move it forward. It's all right to move it back to the committee with me, as far as I am concerned. I would like to point out a few things in the bill that I think are a little bit dangerous. First of all I think Senator

Schmit and Senator DeCamp are dealing with an issue that is of concern to many people in rural Nebraska. As somebody that has a land payment coming due here just pretty sudden like that I had to sell a whole bunch of steers in order to pay the interest, I understand a little bit about what interest costs are. I understand a little bit about what the financial capabilities of rural Nebraska is. The intent is great but I guess I would look a little bit at this like the bill that. . . or a program that I am attempting to eliminate with a bill that I have got, motor vehicle inspection program, the intent of that was real great too. The realities of the situation are that it just hasn't worked as well as the intention was and I think that this is an example that will do the same thing. First of all on page four of the bill, Section five, the intention is to assist the family farm. I would encourage the members of the body to get a copy of the bill out and look at page four, Section five, read the areas of the different things that this agricultural, agricultural enterprises shall mean to include but not be limited to. There are eight different things mentioned there. If those are all family farms, I'll eat your hat. When we are talking about related business and industries including but not limited to grain elevators, shipping heads, livestock pens, warehouses, wharfs and dock facilities or related storage and transportation services, that is not family farms as far as I am concerned. If this bill is going to be passed it has to be amended considerably if the intention is to assist those people, the introducers intend to assist. Also the members of the board, the members of the board are made up of two people representing the agricultural financing industry, two people representing the farm real estate industry and I think that all four of those people are going to have a vested interest in how funds are disbursed. Two people representing the public at large, I would venture to say those people representing the public at large are not going to be small farmers attempting to get started. Not if the Governor is going to appoint them. I think that they are going to be people that are well healed so to speak, people that are already established and have a knowledge of the area and I'm not sure that they are going to be assisting those people that need to be assisted. The main reason I think I oppose this sort of legislation is very simply this. I'll tell you a little bit of a story that happened to me and it is a personal story. Back in 1974 I was feeding cattle, and I think Senator Schmit knows what happened to cattle feeders in 1974. I lost a bunch of money. The federal government had this great and glorious program where they were going to make low cost loans to people

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of that category who have lost a bunch of money and it was printed in the newspapers and was put forth that we are really going to bail out the cattle feeding industry, those people in real dire need of financial assistance. I went to the Farmers Home Administration and applied for one of those loans. It became evident pretty suddenly that in order to get one of those loans you had to be pretty financially solvent. You had to be pretty well off because they weren't going to take any chances of losing any money on you.

SPEAKER MARVEL: You have a minute left.

SENATOR VICKERS: To make a long story short I could go to my local banker who has been with me all of the years and he knew that I was going to keep at it and come back or attempt to, he went out on a limb and stuck with me. Sure the interest was a little higher but at least I got the money, I kept going, the government didn't help me out. I have a feeling that this is the same way. If a small farmer can not convince his local banker that he is a good risk, then I don't think that we should allow the government to get involved in it. I'm opposed to this sort of bill to start with and I guess I would support Senator Wesely's motion.

SPEAKER MARVEL: Senator Beutler.

SENATOR BEUTLER: Mr. Speaker, members of the Legislature, I would also like to support the motion. It seems so often that we try to do some good because we see a need and we end up doing worse than what we began with or creating a situation that is worse than what we began with. So often it seems that the soft hearted liberals are accused of doing this for the poor and those that have no money, not looking to the long term interest but try to help them in the short run and creating a bigger fiasco than has ever existed. But it seems to me that hard headed conservatives do the same thing occasionally for business interests. We are creating a situation, we are participating in the creation of a situation that in the long run is going to be much, much worse than what presently exists. Let's review a couple of facts. First of all with regards to tax exemption. We issue these bonds, they are tax exempt bonds, that means that people who make a lot of money are going to buy those bonds and then they are not going to pay taxes to the federal government. We are creating more and more of these tax exempt type financing which means that that body of persons, that body of very

wealthy persons who are not paying taxes to the federal government is expanding and expanding. That means in turn that those of us in the middle class and those of us in the lower middle class are going to pick up more and more of the taxes. Let me just read you a couple of paragraphs from one analysis of this situation. It says, "Unfortunately tax free bonds cost the federal government more than they save the state. For all types of tax free bonds, 1.9 billion in federal tax revenue was foregone in 1977. 85% of that was in tax savings, the people with greater than \$50,000 annual income. Small example now. On a \$10,000 beginning farmer loan at 8%, assuming tax free status lowers bond rates from 10 to 8%, which is reasonable, the borrower saves \$200 the first year but the person saves taxes, the 50% bracket investor saves \$400, saves twice as much. The benefit of the loans to the farmers is not as great as the benefit to 50% tax bracket investors. Now you may say, well it is the Nebraska farmer and it is everybody in the country on the other hand that pays the federal taxes but we save something for the Nebraska farmer. But, don't forget in Pennsylvania they can do these kind of bonds for the ammunition maker and in Connecticut they can do it for the rifle manufacturer. That helps them. But the people who pay the federal taxes are people back here in Nebraska and we lose in the long run, everybody loses. We would save ourselves a whole bunch of trouble if we would just continue to rely on the private enterprise system of allowing supply and demand and prices to tell us what is a good credit, what is not a good credit, when money should be loaned and when it should not be loaned. I find it of great irony that this legislature which is dominated by republicans is taking us right down the road to government interference in area after area when presumably we all have still confidence in the private enterprise system. I hate to get to talking about things like socialism and the road to socialism and all of that, but there are two ways you can go to socialism. You can nationalize an industry and everything happens at once or you can go to socialism by picking out those little rights of ownership one after another through certain types of government interference, government regulation and government financing. You can start creating a dependency upon government financing. Once that dependency is created I think you will see that it is very, very hard to ween anybody from that dependency. Once it is created the government will have strings to go along with it. This little thing or that little thing that you can't do with your property any more and the situation just becomes worse and worse and worse. Let me remind you again that the methods, the price we pay

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the very real price that we pay on these type of financing does not have just to do with the federal taxes that the average and lower income tax payer has to pick up when there are more tax exempt bonds on the market. But it also has to do with the interest rates that you and I pay and everybody in the state pays on sewer districts and paving districts and utility revenue bonds. Our utility rates are going up like crazy.

SPEAKER MARVEL: You have thirty seconds.

SENATOR BEUTLER:in this state and the tax payers are crying out for relief on utilities. Yet we have to continue issuing utility bonds. When we expand the market of tax exempt financing you expand the supply that simply means that the pricing of those utility bonds has to increase to compete with all of the other bonds on the market. We put new types of bonds on the market all the time which drives the price up of the normal municipal financings that we have relied upon for years and years and years. Those interest costs are built into the budgets of the cities and of the utility districts and we pay it sure enough. It is not as visible as some of the other things that we pay and it is harder to measure but everybody knows that it is there and we pay it just the same. I have much more to say, Mr. Speaker, but I guess my time is about up, but I wish you would think very seriously just about the fundamental, I feel, the fundamental air of this type of financing not as it applies to agriculture in particular but as it applies to agriculture, as it applies to industry, tax increment financing is the same thing, it is all an illusion. We. . . .

SPEAKER MARVEL: Your time is up.

SENATOR BEUTLER:are not helping anybody. In the end we are going around and around in a circle chasing our tails and we are all going to turn to butter.

SPEAKER MARVEL: Your time is up. Senator Kremer.

SENATOR KREMER: Mr. Speaker, I'm not sure that we are addressing the amendment and I don't suppose that I will either.

SPEAKER MARVEL: That has been one of the characteristics of this session so far.

SENATOR KREMER: Before I can vote intelligently on the motion to return the bill to committee I need some information and frankly I know that I should.....being interested in the concept like this I should have looked at the bill more than I have and I have not. I would like to start out by asking Senator Schmit or Senator DeCamp a question.

SPEAKER MARVEL: Senator DeCamp.

SENATOR KREMER: It is pretty simple, either one of you can answer it.

SENATOR DeCAMP: Go ahead.

SENATOR KREMER: Who has the authority to oversee the operation of this borrower? Is it something like FHA and a FHA loan where in times past it has been almost impossible to fill out the forms and keep the records and all of those things demanded by the overseeing body or person or whoever it may be. Who oversees the re-payment of the loan and the operation of the borrower?

SENATOR DeCAMP: Okay Senator, it is a good question. The answer is that it is identical, identical almost I think in this case right down to the people involved as our Nebraska mortgage finance fund that now was used in the tough times to finance homes. I think we are using the same body. The loans have to stand 100% on their own merits unlike, let's say a subsidized loan there is no subsidy whatsoever. Unlike a guaranteed loan the state has no guarantee, no obligation, it is simply a loan that has to stand on its own. So, the forms are essentially the same as we are using for the mortgage finance fund and you can see that they process those fairly quickly and there hasn't been that many problems. I'll explain the subsidy aspect that Senator Beutler touched on a little later.

SENATOR KREMER: You want to do that on your own time, don't you? Thank you. I have many other questions, our time is limited and I'm not going to ask them now. I'm having a little bit of trouble with the bill. I think perhaps Senator Schmit and Senator DeCamp that we need to have a look to be sure that those that could get started by some other means would not, you know, take away from those that are really deserving. Now, next I would like to say that I am aware that some of the points that Senator Beutler brought out ought to be considered.

I'm aware of that. However, let's take a look at what is happening today. We are making loans available to students, which is good, I'm not against it, it is good. Let's take example a young person who wants to go back into a farming operation, he gets a loan, he goes out to ag college, he graduates. He is not prepared to venture into his line of endeavor that he wants to such as a professional, like a lawyer would for example. So what does he do? He says, well by golly I'll get my education all right but I don't have the money to get started so I guess I had better change to law and as a result we have got to many lawyers or other professions, I use that only as an example, but a lawyer, for example, he buys himself a typewriter and a little office equipment a desk and a chair and he is ready to go. This is not true of a young farm lad. Now unless we can help this farm lad get started he has no other choice but to go into another kind of endeavor. As a result we are going to experience a shortage of young people going back to the farm. What does this mean? That farming is going to end up in the hands of large operators, conglomerates, what have you. If it ever does, it is going to cost more for food today than it is costing us today under the present operations. What happens to a young couple that goes out on the farm and gets started, the wife goes out, she helps, they work 16-18 hours a day to make a go of it. That is not true of a large corporation. Eight hour days. We have got a chain of command up and down, we have got overseers over looking over seers, that's all got to be paid by the cost of food. But you give these young people a chance to get started and the whole family works and you have cheaper food today than they have any other place in the word. We had better stay on that concept. I know that there are some problems with this bill and I think maybe the authors of the bill ought to have a look at it to see that we are making these loans available to those who are actually deserving, rather than letting it into the hands of those that maybe could start some other way, but unless we do something like this I can well see that the cost of food is going to be a lot higher than it is today. Thank you.

SPEAKER MARVEL: Senator Burrows. We are going to try to close as close to 4:30 p.m. as we can make it. Senator Burrows.

SENATOR BURROWS: Mr. Chairman, members of the body I think body ought to recognize this motion at this time of the session as a kill motion if it is put back to committee. Really not a motion for anything else, if it goes back to committee

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that means that it will probably never hit the floor and I feel very strongly in support of this measure. I do not want to see it send back to committee. I've got friends that are in real serious financial trouble and some of them have pretty decent net worths in agriculture, moderate or average sized farmers maybe net worth of two, three, four or five hundred thousand dollars with debt structures chasing them at 18% interest rates. At the same time they are operating in a business that has had for almost the last twenty years an average return of approximately 3% on the total investment that is setting out there. If they have two or three hundred thousand chasing them at 18% interest there is no way they can have a cash flow left for themselves. Now, if you bring this down to a hundred thousand or less, you have allowed it to be used for loans that can not pay their way. I would like to bring up some personal circumstances. My son has wanted to buy one of my sister's eighties at lower rates than this. It won't pay off under current market prices and current interest rates any way in the world, even if I loan him my machinery to use on that operation for free. It won't pay off. All you can grab on is the inflation rate of land to justify that investment, the cash flow can not support the interest bill and have one cent left for the operator to live off of. It is that simple when you figure out these additional units in agriculture. So if we set this loan up, what we can do, is save some moderate income farmers by providing them some moderate and actually low income farmers from paying possibly 16 and 18% interest and bring it down to eleven or twelve that can bail some of these people out. Then in a couple of years if interest rates fall so this loan could bring it down to five or six percent, then it could help start up farmers without any assets. But if the present rates, if you are providing eleven and twelve percent money you are giving no assistance to a young farmer starting up with the substance of the money being borrowed there because he can't buy land at current interest rates. He might, if he's offered some rental properties help himself with a rather small investment if he has land that he can rent on some of his equipment and use it there. But why saddle it down today where it really is not of any help to anyone if you narrow this down too much. Now the motion that we are talking about is to send it back to committee. I would like to tell you that means a kill motion for this year. I think that this is a bill where we can really help out agriculture, help out some low income farmers and keep it within reason where we are

really not bailing out the bigs. Now there is a logical point to break this thing off. We can put a limit on it where farmers could sell off part of their equity and clear their debts and still have a viable operation. With a 3% interest that has got to be pretty large in dollar amounts, I think upwards of a half million, six hundred thousand dollars. But, if you cut it down below this you are taking out the real workable situation that we have here where we can help moderate income farmers and very low income presently under farm price structure and interest rates to stay in business a little longer. I think in agriculture that is what we are talking about today. Keeping those in primarily, not those that are out and I urge you to oppose this motion to send it back to committee. The committee heard it once, nothing is going to change there.

SPEAKER MARVEL: Your time is up.

SENATOR BURROWS: We might take up some of the amendments that will be here on the floor. Thank you.

SPEAKER MARVEL: Senator Schmit.

SENATOR SCHMIT: Mr. President, members of the Legislature, first of all in regard to Senator Beutler. You know most of the attorneys that get out of law school have already been subsidized to the extent of \$20,000 to \$40,000 for their education. We are not asking for a subsidy here, tax payers have already given those young lawyers that kind of a subsidy. Then they walk out and they belly up to the bar and they have got a ten by ten office and a typewriter and a three hundred dollar set of used law books. I have looked at their personal property tax returns over the years. On top of that they have got a \$65 typewriter that may or may not have cost \$65. The first thing you know they are in business, the next thing you know they find some farmer who dies and they crack his estate for a quarter of a million dollars. They are in good shape. The farmer never had any cash flow in his life. Because of the ravages of inflation, that attorney is on easy street and it is a down hill pull. Let me tell you something else and I know that Senator DeCamp wants some of my time so I won't talk a long time. Senator Beutler worries about the advantages to the investor. He didn't worry about the advantages to the investor when we passed the Home Mortgage Act which provided for low income people to buy a house. He didn't worry about that then. Now he is bellyaching about an advantage that might go to a farmer. I want to say ~~this~~ Senator Beutler. Be consistent, be as consistent as you

are persistent. I want to say to my good friend Senator Wesely, when you have come back to Butler County, the place of your birth, and explain the reasons for your action and they condone that then I will go along with you. Otherwise I agree with Senator Burrows, your motion to return the bill is simply a motion to defeat the bill. Senator DeCamp, I give you the rest of my time.

SENATOR DeCAMP: Mr. President, I would oppose returning the bill to committee. I personally believe that there are a few amendments that will make the bill better. A \$100,000 limitation lets say on net worth. A few more standards like that. But the bill itself is a pretty good concept, I think. In reply to Senator Beutler, where is Senator Beutler, my good friend? In reply to Senator Beutler I want to tell you this. Every single thing you said was 100% right. But only in the context of an absolutely pure system. A pure 100% capitalistic system. We do not have a 100% pure capitalistic system any more. Let's not kid ourselves. We have all kinds of variables of that. These include such things in our tax laws as accelerated depreciation for business because government says, because we have imposed the heavy taxes now we have to have some counter balancing things. We do not have a pure capitalistic system in the way people invest their bond money or their. . . .

SPEAKER MARVEL: You have a minute left.

SENATOR DeCAMP: Or invest their money. You are saying, for example, that this person who buys these bonds and let's talk the New York Wall Street people who are going to buy these bonds, you are presuming, you are presuming that the rest of the system is pure and that they would have this money be paid in taxes otherwise they would invest in things that paid in taxes. They are not. They are going to buy some other bonds. They are going to buy some other tax exempt one thing or another. So it is foolish to say that that cost this much because we did this. Now I can concede the fact that maybe the whole system is developed in the wrong way, but I think this system where every loan has to stand on its own with the collateral behind it where the government isn't subsidizing it, so to speak, is far better than a system where we have artificial disasters and disaster loans and so on and so forth to multi-millionaires. So, I think that you ought to consider this legislation, advance it and I'm sure that there are some amendments that we can adjust to from Senator Wesely and some others on Select File.

SPEAKER MARVEL: Senator Kahle and then Senator Haberman.

SENATOR KAHLE: Mr. Speaker, members, I certainly hesitate to speak on this bill because I think the young farmers need all the help they can get but I think that we need to be realistic. Senator DeCamp was mentioning collateral. I don't know what he was talking about but you have to have something to have collateral. If you are going to start from nothing as you are talking about in this bill, I don't know where they are going to have it, where it is going to come from unless they have a dad or an uncle or somebody who can help them. Young farmers really can't compete with established farmers. That is the whole crux of the story. That is our problem and all the amount of money we loan to them really isn't going to change that. It only makes them deeper in debt at any interest rate. That is the problem. There is not enough profit in agriculture and land is too high and machinery and the things that are needed. So, I think that we are whistling in the dark when we think we are going to help young farmers by loaning them money at a cheap rate. Unless they have some other source or some other funding that they can get from their dad or an uncle or from somebody to get them started. It is nice sounding, boy it is great. We are going to help these young farmers. Yeah, you are going to help him get himself in debt so far and work his fool head off and he is going to wind up with nothing. I got a kick out of a story that was in the paper a couple of days ago about President Reagan and his old tractor. He paid, what was it \$1,500 for, and now they would give him \$4,000 for it on a trade for a new one. At least the editorial, I don't know if the president feels this way, thought this was a pretty good deal to keep that old tractor. I'll tell you one thing if old machinery and old tractors were profitable, you would see some out there on these farms. You don't see them out there. There is no way that you can use machinery that is 20 or 30 years old and compete in the agricultural industry today. It is just not in the cards. So, I can't really vote for this bill at this time. Maybe if something is worked out we can do something about it. There are government loans available to young farmers. There are federal land bank loans to buy land at about as cheap of interest rate as you can get for a period of a long time up to forty years. But more than that, I don't know what we can do. I can't imagine the State of Nebraska getting in the land business and they may well wind up with some of it. I wish it was different but that is the way I feel about it, that is the way it has to be. I have two sons that farm, they had some help from their dad in the beginning. They work hard

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they are barely making it under those conditions.

SPEAKER MARVEL: You have one minute.

SENATOR KAHLE: So I feel that I speak from some experience. Helping a young man getting started into something that he has very little chance of success in is not my idea of helping him. Thank you.

SPEAKER MARVEL: Senator Haberman.

SENATOR HABERMAN: Mr. President, members of the Legislature, I'm so pleased that we have such a fine outstanding senator, a senator so skilled and experienced in farming and a senator so reliable that due to his age and his experience I would like to ask Senator Schmit a couple of questions. Senator Schmit, would you please explain to me, do you yield, Senator Schmit?

SPEAKER MARVEL: Do you yield Senator Schmit?

SENATOR SCHMIT: I don't think that I could explain it to you Senator Haberman, but I will try.

SENATOR HABERMAN: I'm going to show my ignorance and I'm going to ask. . . .

SENATOR SCHMIT: That is not too hard to do, Senator.

SENATOR HABERMAN: . . . ask you Senator Schmit, on page 4, line 21, "aquaculture" what is that? A-q-u-a-c-u-l-t-u-r-e, what kind of agriculture is that?

SENATOR SCHMIT: That is agriculture that involves water.

SENATOR HABERMAN: What kind of agriculture is "silvaculture", s-i-l-v-a-c-u-l-t-u-r-e?

SENATOR SCHMIT: Fish conservation.

SENATOR HABERMAN: Conservation?

SENATOR SCHMIT: Right.

SENATOR HABERMAN: Is there any particular reason why you didn't use the word "conservation"?

SENATOR SCHMIT: Because we wanted to confuse people like yourself, Senator.

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SENATOR HABERMAN: Well Senator Schmit that is a

SENATOR SCHMIT: I went to a Class I school and I learned the meaning of those words.

SENATOR HABERMAN: That is a very good answer because that might be the reason you are going to lose some votes on your bill because.

SENATOR SCHMIT: That is all right, Senator.

SENATOR HABERMAN: fish hatchery and fish farms and I'm just asking questions, I'm serious. Because I didn't know what those two things meant.

SENATOR SCHMIT: Obviously you didn't, Senator.

SENATOR HABERMAN: I hate to stand up here and see you play footsy but if that is the way you want to do it, that is fine. Thank you Senator Schmit.

SENATOR SCHMIT: Any time I can help, Senator Haberman, I'm glad to help.

SENATOR HABERMAN: Well I'll be glad to ask you, Senator Schmit. Thank you, Mr. President.

SPEAKER MARVEL: Senator Hefner.

SENATOR HEFNER: Question.

SPEAKER MARVEL: There are no other lights, so. Senator Wesely, do you want to close on your motion to return the bill to the committee.

SENATOR WESELY: Yes, Mr. Speaker, I'll be very brief and I apologize for taking so much time, but this is a very important bill dealing with a very important subject. There are a number of points that I would like to make and I think they are very important. I would like you to please listen to me now. If you would look at the handout that I gave you on the state beginning farmer loan programs, it is on the last page, page 13, I think summarizes very clearly what my concern is. If you have a concern you may want to look at that. It lists the conclusions of this report which I think are very relevant. I will quote now from that report. "States wishing to help beginning farmers should plan their assistance carefully considering several points of concern. Most importantly increasing the credit available to agriculture

could spur farm size growth and land price increases, both to the disadvantage of beginning farmers. To improve farmer opportunity the distribution of credit must be changed. Loans must be carefully targeted to those who need them to start farming. Secondly some loan programs actually benefit high income investors in the tax exempt bonds through which the program is financed more than they benefit beginning farmers. There may be more equitable and efficient means of assisting beginning farmers. State and federal policy makers must carefully pick methods to help beginning farmers. Policy makers must insure that the programs actually benefit beginning farmers and do not unnecessarily inflate land prices." That is what I am asking this body to try to accomplish. By moving the bill back to committee those goals of insuring only those who need the help are helped by insuring that it is targeted carefully, and that is a word used through this report, carefully targeted so that we benefit those who need the help, will actually be very beneficial to the State of Nebraska helping beginning farmers, but a program such as embodied in this bill in the present form is not very targeted. It is not focused where the need is. It could in fact inflate land prices and I think cost the State of Nebraska, harm agriculture rather than helping. Now the bill was a framework, that is a start in the right direction and it's certainly a good step to take but I am asking that the bill be send back to committee, that it be reworked and that the targeting that is necessary to make the bill a very good bill for Nebraska be accomplished and if that means that the bill isn't passed this year, then I don't see the rush. We haven't had a program before. What is another year to really carefully target a program before rushing ahead with one? I think that it is wise to be very slow and cautious in adopting such a proposal. I think that Senator Kremer emphasized these points, I think Senator Burrows who has always fought for the small farmer should recognize the fact that this bill is in fact not helping the small farmer as best as it could and a change to the bill would do that. I don't think that we should talk about amending the bill on General File or amending the bill on Select File. You don't draft a bill of this importance on the floor of the legislature. You get too much trouble that way. I think we should send it back to committee where it can be worked in the proper fashion and I think that the proposal that we have could then mesh better with the federal programs that we now have, the loan programs, and take a look at other states and what programs they have established, how they have worked and put together a bill that is truly outstanding and one that we can all be proud of for Nebraska. So again I ask

your support for sending the bill back to committee where it can be worked on and put together in a form that we can all agree to.

SPEAKER MARVEL: The motion is to send the bill back to the Ag and Environment Committee. All those in favor of that motion vote aye, opposed vote no. Have you all voted? Senator Wesely.

SENATOR WESELY: How many are absent Mr. Speaker? Or excused I should say?

SPEAKER MARVEL: Three are excused.

SENATOR WESELY: Could I ask for a Call of the House then at this point?

SPEAKER MARVEL: You want to place the House under Call?

SENATOR WESELY: Yes, I would like that.

SPEAKER MARVEL: Shall the House go under Call? All those in favor vote aye, opposed vote no. Shall the House go under Call? Record.

CLERK: 16 ayes, 12 nays to go under Call, Mr. President.

SPEAKER MARVEL: The House is under Call. All legislators please take your seats. Unauthorized personnel please leave the floor. Three excused and three absent. Clark, Kremer, Senator Lamb is here, okay two absent. Senator Wesely.

SENATOR WESELY: Mr. Speaker, I think you can go ahead, if you would please, with the roll call and please read the amendment before going ahead, please.

SPEAKER MARVEL: (Gavel). Okay read the. . .

CLERK: Mr. President, the motion is (read Wesely amendment). Roll call vote. 17 ayes, 27 nays, 2 present and not voting and 3 excused and not voting. Vote appears on page 1136 of the Legislative Journal.

SPEAKER MARVEL: Motion lost. Do you have some items to read in?

CLERK: Very briefly, Mr. President. Senators Fowler,

SPEAKER MARVEL: We will move now to Item #5, General File. While we are doing that in the south balcony there are or will be or have been at least 150 students from Burke High School in Omaha in Senator Pirsch, Senator Wiitala and Senator Stoney District and Dave Haars is the instructor. They are in the south balcony. Where are you folks? Welcome to the Unicameral. Underneath the south balcony are Bob and LeAnn Russell, daughter and son-in-law of Senator Von Minden and their four daughters, Michelle, Heidi, Wendy and Tracy, granddaughters of Senator and Mrs. Von Minden and the latter children are moving to Garden City, Kansas. So where are you folks? Okay. Mr. Clerk, I think we are ready for LB 384.

CLERK: (Title of LB 384 read.) Yesterday the committee amendments were adopted by the membership. There was a motion from Senator Wesely that was defeated. I now have pending a series of amendments, Mr. President. Pursuant to our rules the introducer's amendments should be considered first. I have two amendments from Senator Schmit. Mr. President, Senator Schmit is not in the chamber so the first amendment that we will have is from Senator Sieck who is, Senator Sieck, Senator Schmit, would you like to take up your amendment, Senator?

SENATOR SCHMIT: Mr. President, will you read the amendment please.

CLERK: (Read Schmit amendment #1. See page 1146, Journal.)

SENATOR SCHMIT: Yes, Mr. President, that language is necessary so as to clear up the question as to what will happen to any of the surplus funds in the event the corporation was dissolved. I move the adoption of the amendment.

SPEAKER MARVEL: The motion is the adoption of the Schmit amendment to LB 384 as discussed. All those in favor of that amendment vote aye, opposed vote no. We have a series of amendments. This is the first amendment to the bill. Have you all voted? This is the first Schmit amendment to LB 384. Record the vote.

CLERK: 30 ayes, 0 nays on the adoption of the first Schmit amendment, Mr. President.

SPEAKER MARVEL: Okay, the first Schmit amendment is adopted.

CLERK: Mr. President, I now have an amendment, amendment #2 from Senator Schmit.

SENATOR SCHMIT: Mr. President, members of the Legislature, this amendment outlines the eligibility requirements for those

individuals who would seek to obtain credit under this act. It provides that they would have to demonstrate that they were unable to secure credit from normal channels, provides also that it has to be someone who is actually engaged, or who will become engaged in agricultural enterprise and will not be an absentee owner. It provides that the aggregate amount of the loan shall not exceed \$500,000 and that is basically what it does. I move adoption of the amendment.

SPEAKER MARVEL: The motion is the adoption of the Schmit amendment #2. Senator Vickers and then Senator Barrett. Senator Vickers.

SENATOR VICKERS: Mr. Speaker, I would like to ask Senator Schmit a question if he would respond please.

SPEAKER MARVEL: Senator Schmit, do you yield?

SENATOR SCHMIT: Yes, I yield.

SENATOR VICKERS: Senator Schmit, is this amendment printed in the Journal? Or. . . .

SENATOR SCHMIT: It is not printed in the Journal. But we are trying to get the copies made but they are not out yet Senator Vickers. I'll try to get them for you.

SENATOR VICKERS: Yes, I would appreciate that. I would like to see what we are voting on here before we get this voted on. Do I understand Senator Schmit that this is to trying set up some criteria?

SENATOR SCHMIT: Yes, Senator Vickers, this provides, as I said the applicant for the loan must have been rejected by other sources or could not obtain credit from normal sources. He must be actively engaged in or will engage in the enterprise himself and provides a \$500,000 maximum amount of loan. I don't know for sure if that is going to be too large or too small Senator Burrows and I discussed it with several other individuals and they have had difficulty in the State of Iowa, because they had a \$100,000 maximum because so oftentimes that wouldn't do anything at all for an individual.

SENATOR VICKERS: Thank you Senator Schmit. I guess my concern, and of course I haven't read the amendment as of yet, but my concern is the limit on the amount of the loan is probably the wrong limit. I agree with Senator Schmit, who knows what the problem as far as amount of loan if you are a cattle feeder, \$500,000 might not be very much, or attempting to buy some land or something. I would suggest instead that we would have a limit on the net worth of the individual. It seems to me that net

worth is more of a criteria that I would at least prefer but I thank Senator Schmit for his answers and I will certainly look over the amendment when it gets to the desk. Thank you, Mr. Speaker.

SPEAKER MARVEL: Senator Barrett.

SENATOR BARRETT: Mr. Speaker, two questions. I didn't hear Senator Schmit or the Clerk repeat or give us the section to be amended? Then, could Senator Schmit repeat the amendment. Two questions. Where is it located, Senator Schmit, what section?

SENATOR SCHMIT: Senator Barrett, I have just given my copy away to have it duplicated again. So I can't even tell you right now.

CLERK: Senator, if I may. The copies are being reproduced right now. I can go ahead, it is a two page amendment but I would be happy to read it, Senator, if you would like me to.

SENATOR BARRETT: I would be willing to wait. Are there other speakers?

SENATOR SCHMIT: It may be faster to go ahead and read it, Pat.

SENATOR BARRETT: All right, Mr. Clerk, would you read it please?

CLERK: (Read Schmit amendment (2). See pages 1147-1148, Journal.)

SENATOR CLARK PRESIDING

SENATOR CLARK: Are you done, Senator Barrett? Thank you. Senator Beutler is next.

SENATOR BEUTLER: Mr. Speaker, members of the legislature, basically I would like to see the amendment, too. It seems to be a very long one. But, from what has been said so far, I would ask Senator Schmit one question. The dropping the phrase "such activities shall not be conducted for profit", why is that being deleted, Senator Schmit?

SENATOR SCHMIT: Just where is it at, Senator Beutler?

SENATOR BEUTLER: That would be at the bottom of page three and the top of page four.

SENATOR SCHMIT: I think, Senator Beutler, the reason being that

it is not intended to be for profit but there may be some funds that would accrue in the normal course of the operation. Although it is not the intention of the corporation to profit, there may be some accrue to it. That is the only explanation I can give you.

SENATOR CLARK: Are you done, Senator Beutler?

SENATOR BEUTLER: Yes.

SENATOR CLARK: The question before the House is the Schmit amendment to 384. All those in favor vote aye, opposed vote no. Senator Vickers.

SENATOR VICKERS: Senator Clark, I had my light on. I would like to ask Senator Schmit another question if I may.

SENATOR CLARK: All right, you had talked once, I didn't know that you wanted to. . . clear the board, Pat. Go ahead, Senator Vickers.

SENATOR VICKERS: Senator Schmit, on your amendment on the language it says "who are unable to obtain sufficient credit to finance actual agricultural needs at reasonable rates and terms taking into consideration prevailing rates and terms for similar loans made through conventional farm credit markets in or near the farmer's community". Who is going to make that determination, the board?

SENATOR SCHMIT: The board would make that determination or the original lender if the. . . we are borrowing this language from the FHA language which is used many times to determine whether a man or a borrower is entitled to credit at an FHA office. The board would have to make that decision. Yes.

SENATOR VICKERS: Thank you, Senator Schmit. I think that I am going to have to oppose the amendment even though it does attempt to straighten out some of the problems that I have with LB 384 but this language taken from the FHA program is. . . what happens in FHA programs, from my perspective at least, is that lenders, banks will loan money to individuals, get them in trouble and then get bailed out by sending them over to FHA. In other words they tell them we are not going to loan you any money any more and they are in a bad position. It seems to me that this is bailing the banks out. If the bank strings me along they should also have the responsibility to carry me on through. I have a little problem with helping out the banks in this area and it seems to me that, in many instances with the FHA program at least that has happened. In actuality right now I don't think there is any terms, financing terms, anyplace for agriculture in the State of Nebraska that are reasonable, from my perspective at least. For anybody. No matter how well off they are financially

agriculture simply can not pay the interest rates that we have right now. That is the real problem that I think Senator Schmit and Senator DeCamp are trying to address. But to paraphrase a statement that was made a few years ago, it is the right problem but I believe that it is the wrong solution. I would urge the body's looking this over very carefully. I think that the intent is great, as I said yesterday, but I am not sure in my own mind that this is going to satisfy the problems. I think that it is going to intensify it in some areas instead.

SPEAKER MARVEL: Senator Schmit, do you want to close on your motion or on your amendment?

SENATOR SCHMIT: Mr. President and members of the Legislature, I'd have to concur with what Senator Vickers said in regard to the lack of attractive rates of interest that are available for agriculture at the present time. I think that probably spreads clear across industry. What we are trying to do with this amendment is to insure that the funds, if they become available, will be used by those individuals who would not have the opportunity to enter into agriculture in the normal manner. We know that it is difficult enough as Senator Kahle said yesterday for anyone to make a profit in the agricultural area at the present time. We wanted to have some sort of limiting criteria so that those individuals who are well established would not use these funds to the detriment of the ones for whom they were intended. As we discussed the matter of the aggregate amount of the loan, I'm not sure either, Senator Vickers, if that is going to be adequate or not. It might not be. That might have to be changed at some other time. We discussed the net worth aspect of trying to limit the availability of the money. It is very, very difficult as you know to start any kind of an enterprise without having some kind of net worth and yet when you put that figure in there, as our friends in Iowa found out, it almost made it impossible for the program to operate. So we decided to put a limitation on the amount of the loan and then allow the board to make the decision as to eligibility based upon net worth. We hope that it will work that way, Senator Vickers, that is the way we intend it to work. I know that these programs have operated with some success in neighboring states. We have tried to write out some of the problems that they have had in neighboring states and hopefully we have addressed the issue. I would just say this. If there is tighter language, better language that we could work out Senator Vickers between now and the next stage, I'll be glad to take a look at it with you. If not, I guess I'm going to just ask that the amendment be adopted at the present time in the form in which it is at the present time.

SPEAKER MARVEL: The motion is the adoption of the amendment as explained by Senator Schmit. The amendment to LB 384. All those in favor vote aye, opposed vote no. Have you all voted? We are voting on amendment #2 to LB 384. Record the vote.

CLERK: 25 ayes, 0 nays on adoption of the second Schmit amendment.

SPEAKER MARVEL: The amendment is adopted. Do you have another amendment?

CLERK: Yes sir, I have several. Mr. President, the next one is offered by Senator Sieck. Senator Sieck moves to amend the bill. . . .(read Sieck amendment).

SPEAKER MARVEL: Senator Sieck.

SENATOR SIECK: Mr. President and members of the body, I feel that we have to have an amount of money here to be assured that large corporations or large conglomerate farmers or even some of us who are farming a large area of land, we get into trouble and then we think that we can come to this loan. We want to help the small farmer. I feel that if we put the limit of equity up to \$100,000, if he has an equity of \$100,000 then he should be able to go to some other source of funds for money. I know that this can help. I started out myself without...nothing. It was very difficult to get money and I did use the Farmers Home Administration. I used the Farmers Federal Land Bank and they were helpful and I was able to get on my feet. I feel that the young men that want to get into farming need this help. They need this kind of help but those individuals who have equity I don't feel need this help. This is the reason that I have this amendment up here to be assured that we are helping that farmer who wants to get started. That individual who comes out of college and wants to start farming and needs this additional help. That means his own equity. It doesn't mean if his father or his relative or his uncle or his aunt or whatever wants to give him some money to get him started, that will not be included, but his own equity of \$100,000 then he could get a loan. I sure urge you to adopt this amendment to make this bill more favorable in my eyes.

SPEAKER MARVEL: We have an amendment to the amendment.

CLERK: Mr. President, Senator Burrows moves to amend the Sieck amendment (read Burrows amendment). This is offered by Senator Burrows.

SENATOR BURROWS: Mr. Chairman, members of the body, I feel

the \$100,000 limitation would allow us to make loans that are really only impractical to make in the general terms of it. Because current earnings of agriculture are running about 3% on national investment. When we talk about, maybe what Senator Sieck wants to prevent, I do not on this score. I know a lot of neighbors and friends who do have financial troubles that have no cash flow with reasonably good assets and I do believe that an upper limit on net worth should be established. I picked \$600,000 because I think larger sums than this of net worth can sell down and maintain a viable operation. But, pulling at national earnings a \$600,000 net worth with other debts against it may very well not pull over \$15,000 or \$18,000 as a maximum income and we are using this for a maximum potential income on that farm operation. Now they may be in a position where they are going at a situation. We are talking about a half a section of land at \$2,000 an acre, an irrigated half section as a limitation on this with maybe a debt structure running behind it with the rest of the operation of several hundred thousand dollars running at 18% and potentially taking the guy out of a cash flow situation where he has been paying more interest than he is getting when he takes the rest of his expenses and his gross sales. I think that we should have a limitation but put it up there where a guy can sell down to liquidate debts and leave it up at say \$600,000 or five, I wouldn't care on this but we have got a lot of people in trouble in the state and if we set up this loan fund why shouldn't we be more concerned with people that are being run out of business paying 17 and 18% interest today that are in there, good operators, but interest running them out, keeping them in business than to try on a small loan that really doesn't have a chance. I don't mean this as an intention not to provide the small loan if it can have a chance to survive. They are going to have first if they have that chance. But, the present interest rates of 12% do not set a person in where they can buy 80 acres and have any reasonable potential of making it. If we pass the bill and the interest rates drop a little bit, then, and the farm earnings go up a little bit, then maybe it can start up the young man. But until these changes are made and unless he gets substantial help from home, he is out of it with the national policies towards agriculture and interest rates that exist today. I would urge you to adopt the amendment. Look toward moving it up there where... we are talking a ceiling, not a floor, a very top limit. Allow us the opportunity of bailing out some people that may otherwise not be in business. The FHA does not have adequate funds. The Federal Land Bank wants very solid loans. Alternative credit sources are not widely available in the State of Nebraska today. Anybody that tells you they are are kidding themselves. The FHA funds are very limited in the state today, the potential for farmers moving in there. The Federal Land Bank is not going to take loans unless they are very solid coming in there. I urge you to use this fund for something it can really do. Take up the

start-up farmer where it is feasible and keep the existing farmers of modest means in business. Thank you.

SPEAKER MARVEL: The motion is the Burrows amendment to the Sieck amendment. As soon as we get through this amendment we are going to recess. Let's see, Senator Marsh, you want to speak to the Burrows amendment?

SENATOR MARSH: Mr. Speaker and members of the Legislature, I can not justify supporting an amendment like this at a tune of \$600,000 top limit. I'm not sure that I even like the bill but this is just out of reason for the average person to even comprehend that we would be, the rest of us at our low income would be helping to subsidize someone who might have assets of over half a million dollars. No thank you.

SPEAKER MARVEL: Senator Sieck, do you wish to speak to the Burrows amendment or do you want to wait?

SENATOR SIECK: Yes, I can not support the Burrows amendment. I feel that an individual that has that kind of equity can borrow money and put it anyplace. So I'm willing to stick with the \$100,000 because I just feel that it would be clear out of hand. That doesn't mean that that individual can't borrow \$500,000, but what it says is that if he has an equity...under a hundred thousand dollars and that board says it is a favorable loan, he can get up to whatever figure it might be. But, he has to have, if he has over that equity and that is where I feel we are going to protect that individual that really needs the money. Everyone of us that started farming had to start at a slow pace. We didn't get up there in the big figures right of the bat, so to speak. So, I'm not going to support and I don't feel that we should support the Burrows amendment.

SPEAKER MARVEL: The Chair is going to, we have got the record of those who want to speak afterwards, so we will recess now and then come back and proceed with the same agenda that we have now. In other words Senator Vickers is up first and then Senator Cope and Senator Burrows and Senator Barrett and Senator Schmit. So, what time is it? Go ahead.

CLERK: Mr. President, very quickly, Senator Chambers would like to print amendments to LB 138 in the Journal.

SPEAKER MARVEL: Senator Newell, do you want to recess us until 1:30 p.m.?

SENATOR NEWELL: So move.

SPEAKER MARVEL: The motion is to recess us until 1:30 p.m. All those in favor say aye, opposed no. We are recessed until 1:30 p.m.

RECESS

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SPEAKER MARVEL PRESIDING

SPEAKER MARVEL: Record your presence please. Have you all recorded your presence? Okay, record.

CLERK: We do have a quorum, Mr. President. I don't have anything I would like to read in, Mr. President.

SPEAKER MARVEL: My notes show that we are on the Burrows amendment to the Sieck amendment to LB 384. If there is no comment to that, the Chair will recognize Senator Burrows. Senator Burrows.

SENATOR BURROWS: Mr. Chairman, members of the body, this amendment would change the net worth limitation to \$600,000. Now this is a total limitation. It is not a goal or anything like that. We are going in inflationary times where land prices have soared and the person that has a clear \$600,000 net worth would not be eligible for it but I would like to give examples of people that have got net worths of three, four, five hundred thousand, some of them carrying short term credit at seventeen and eighteen percent on that approximately 150,000, 200,000, that by the time the interest bill is being paid today, they have absolutely no cash flow. This is the situation in agriculture. The national investment last year was \$821,000,000,000. The earnings from a couple of federal statistics range from the \$22, \$25 billion range, and at best you can get it, you can't cut above 3% average return for agriculture for the last year, and we have got thousands of farmers out here that have debt structures that are eating at them very close going into a dry year. The FHA does not have significant funds to deal with the problem that is confronting the State of Nebraska today for backup funds. The Federal Land Bank is not in the position to take a massive influx of new money there and cannot take those that are more marginally situated. Now a lot of these people, if you could drop the interest a little bit, you could make a viable loan on it but they do not have a viable loan at the higher interest rates. Now I would like to see this a start-up program for farmers, and if it is laid on the books, it has some real potential in a few years if commodity prices come up a little bit or the interest rates down. Presently the hope is rather slight on this. Iowa had a \$100,000 limitation or has it and they have got a situation where it is practically worthless for them to work within the state. If you can't accept a \$600,000 limit, please do not go to the \$100,000 like Iowa did. We discussed this in committee and the \$100,000 is not realistic in the Iowa situation, so let's forget about copying a mistake that another state made that

made a loan program. I would like to also note that when we helped the business communities out with tax exempt funds to base off cheaper interest rates, probably the smallest ones that could get it amounted to about what I am talking about as the limitation factor for agriculture. When we help business out, almost all of it went to outfits larger than \$600,000 net worth, and I am asking you for a limit that is realistic to place a situation they can deal with for people that are in a tight box of moderate and low income farmers. The income criteria is coming into this whenever you are bailing one out. Larger farms could sell down and still keep a viable operation but a half a million dollar farm operation on current market values, a half section of irrigated land, can't sell down and keep a viable operation for his family to live out of. Thank you.

SPEAKER MARVEL: Okay, the list shows now Senator Vickers who wishes to speak to the Burrows amendment to the Sieck amendment. Senator Vickers.

SENATOR VICKERS: Mr. Speaker and members, I rise to oppose the Burrows amendment and, very briefly, I will attempt to explain why. First of all, if you are worth a net worth of \$600,000, I don't think there is any question but what you can go in any bank in the State of Nebraska and borrow some funds. If you can't, there is something wrong with that bank. You'd better go find another banker. I am not married to my banker, and if he would choose not to loan me money if I had that kind of net worth for operating expenses, which as Senator Burrows indicates, cash flow is a problem, there is no question about that but that is part of operating expenses, and if he wasn't willing to loan me money, I would darn sure go down the road and find another banker. I can guarantee you that. The fact of the matter is, I think we need to make a decision right here and now as to how far the government of the State of Nebraska is willing to go in assisting farmers in the State of Nebraska that are in financial difficulties, financial difficulties brought on by the interest policies, by the federal government in many respects. That is the problem. That is the problem plus the fact that prices are no good in agriculture. I have been losing money for over a year now in my swine operation. We are not making too much on cattle either. But I will tell you what and I will freely admit this, if Senator Burrows amendment gets on there, I can qualify and it won't be too difficult for me to either. You can lower it less than that and I can still qualify. Now if we want to put the State of Nebraska in the business of financing going operations, I would like to think my operation is a going one. Maybe it is going down the tube, I don't know but it is going. If we want to put the State

of Nebraska in the business of doing that, then adopt the Burrows amendment. One other thing that I think it will do, it will drive up land prices even more than it is right now. If we are going to assist farmers that are worth up to \$600,000, with up to \$500,000 in loans, then we are going to see the State of Nebraska put out loans to buy land. And that is going to drive up land prices. Now I don't think that is a very good idea either, personally. I think the limit suggested by Senator Sieck, if we are really concerned about those people that are in dire financial difficulties, then the \$100,000 limit suggested by Senator Sieck makes some sense. If, however, we want to make this open to a full number of people, and I can tell you there is a whole number of people in agriculture today that could fall under the proposal put forth by Senator Burrows that don't have over a \$600,000 net worth. There is a lot of them. I would say there is a majority of them. If that is what we want to do, then we want to accept the Burrows amendment. If we don't feel free to do that, which I don't, then I would urge this body to reject the Burrows amendment and adopt the Sieck amendment. Thank you, Mr. Speaker.

SPEAKER MARVEL: Senator Cope, do you wish to speak to the Burrows amendment? Senator Barrett, do you wish to speak to the Burrows amendment?

SENATOR BARRETT: Very briefly, Mr. Speaker, I would hope that the amendment could be defeated. The Sieck amendment appears to be far more reasonable. I think the intent is to help the smaller, the smaller person, the smaller operator and it appears to me that the Burrows amendment would defeat that purpose. I think anybody with \$600,000 in assets can probably go into any bank and get most of the financing they need. I hope it would be defeated. Thank you.

SPEAKER MARVEL: Senator Schmit. Would you like to find out for us if Senator Schmit would like to speak to the Burrows amendment? Would you like to speak to the Burrows amendment?

SENATOR SCHMIT: Yes, I would, Mr. Speaker. Mr. President, members of the Legislature, I would rise in support of the Burrows amendment knowing that at this time it may be the consensus of the body that it is perhaps a little high but I would suggest also that the Sieck amendment is far too low. First of all, I want to though clarify several points. Number one, the State of Nebraska is not in the lending business. This is not the State of Nebraska. The State of Nebraska is not going to have funds involved in this program. So those of you who erroneously think that the State of

Nebraska is involved, I want to clarify your thinking. Number two, when they passed the Federal Home Mortgage Act, there was not any limitation on net worth in that act. There was no limitation. A member of this Legislature who is worth \$10 million and making \$400 a month could have qualified for a loan under the Federal Home Mortgage Act. No complaints from the body at that time. No loud hue and cry to amend the bill to bring it down to a realistic level. In fact, just the contrary, going from a \$20,000 home to a \$60,000 or \$70,000 home, not exactly what most of us had in mind either when we talked about allowing the low income people to buy a home. So you see there is a tremendous difference of opinion here relative to the net worth. There isn't any reason why you can expect to start in agriculture bare-handed so to speak any more, any more than you can buy a bank or buy a business. The same thing is true in the professional area. Someone, if you go through the chairs in the professional area, has invested some money and you have invested quite a little yourself to get yourself in a position to earn money. But it is absolutely wrong to think that you can start with almost a negative net worth and succeed at agriculture. You can't do it. You couldn't do it in any business. You can't do it principally because of the rates of interest. 14½% for land and 16% for operating capital would make it impossible to succeed. If we can get the rates down to a ten percent range of a few years ago, we would have all screamed if we have thought we would have to pay that kind of a rate, maybe the individual can start and succeed. What we are trying to do in some small way is to equalize the difference between the old established farmer who has equity and net worth and has the ability to operate because he owns land that he has owned for thirty or forty years, and a young man who wants to get started. And this program alone, this program alone, colleagues, will not in anyway allow an individual to start farming. He is going to have to have plenty of help along with it. He will have to have some assistance and he is going to have to have an understanding with the banker, as Senator Vickers said, and some other people or it is not going to work but I want to point out this program is working in several surrounding states. As Senator Burrows has pointed out, the \$100,000 limitation has made the Iowa program useless. If you are going to pass a useless bill, ladies and gentlemen, let's not pass it. Let's just not pass it. If we want to do something and we hear day after day after day the necessity of encouraging new people into agriculture, some method of equalizing the large operator and the small operator. I think you have to rely to a large extent upon the integrity of the board to determine who shall receive these funds. If they act improperly then this Legis-

lature can come back and change the criteria. But if we make the limitation so low as to make the act ineffective, then there isn't any way in the world it will function. I would ask you to support the Burrows amendment. I certainly would say this, that if the Sieck amendment should succeed, with all due respect to Senator Sieck, the bill might just as well be dead and we can go onto something else because it will not be operative. There isn't any way he can operate. So, ladies and gentlemen, I ask you to support the Burrows amendment. I think Senator Burrows has made some good arguments, but most of all, I want to come back to one of the arguments that was made this morning, that the poor were not supposed to sub...they didn't want the poor to subsidize someone who was worth \$600,000. Let me point out, there is no subsidy involved here. This is a matter of bonds being sold and funds being available and a market system functioning in a manner which allows rates of interest to be charged less than the normal rates.

SPEAKER MARVEL: You have fifteen seconds.

SENATOR SCHMIT: There is no state subsidy, no poor subsidy, no other kind of subsidy involved.

SPEAKER MARVEL: Senator Cope, do you wish to speak to the Burrows amendment?

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

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

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

SPEAKER MARVEL: Okay, debate has ceased. Senator Burrows, do you wish to close on your amendment?

SENATOR BURROWS: Yes, Mr. Chairman, members of the body, I think I would have to tell you about a phone call I got this last year from a family in my area and the father had signed a contract to buy a piece of ground, and he'd probably come into this bracket, for his son and he put up thirty some thousand, I believe the figure was, earnest money on the contract with assurances that there would be an FHA loan available for his son, and we are talking about a two or three family operation developing here. Well, when it came along with the time the money wasn't there and coming from the FHA and the contract was coming due without, without being able to get the rest of the funds for the farm that was involved. Whether that farm is going to be

an asset or not, he put up the earnest money and maybe it was a bad decision of his to do it. But if you are assuming that the FHA funds are a viable route for farmers that are in trouble to go to this coming year, I think you are making a bad mistake and we do have an opportunity in family combinations where a son is wanting to go into farming, where if we don't put a severe limitation on this we could make it viable and workable to expand that operation a little bit where two families may be able to take something out of it at interest rates that maybe don't walk them right out of business. If you put a hundred thousand limitation and if you can't take the six hundred thousand, I would certainly ask the body to look at some other figure that might leave some functioning approach on this bill. And I do beg of you to look at the six hundred thousand figure seriously because we are talking about a three percent return business and debt structures that are now hiking a guy at 16, 18, 14 percent and 12 on land. We have got a federal land bank that needs a very solid situation and a five hundred, six hundred thousand net worth with debts running two to three hundred thousand dollars is not a highly bankable situation if that man has no cash flow because of the high interest rates. The interest rates alone have created a situation which, and the low earnings on agriculture, that makes what would normally be a very bankable situation unbankable because of no cash flow and no ability to pay off debt and even pay the interest. So I would urge you to make this fund workable. It restricts it to low income. It gives the board some ability to function and with land prices fluctuating and shooting upwards as they are, the net worth can be there on current market values. And the only way the family can get at that net worth is to sell out and be ex-farmers. Now, I think if you decide that this should just as well happen in this state, you better look at your food supply because it isn't manufactured in the back room of a chain store. It comes out here in agriculture and it is somewhat important because there is one thing more important than medicine and that's food for our nation. Nobody worried about a limitation when we allowed tax exempt funds to be loaned in to help industry, in fact, no one there could do it with under six hundred thousand. We are talking about a limitation, and I would really like to have you look at it. We didn't put limitations on the others. If you do put it high enough, it doesn't stop the workings of the program. Thank you.

SPEAKER MARVEL: The motion is the adoption of the

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Burrows amendment as explained and as debated. All those in favor vote aye, opposed vote no. The vote is a simple majority. Have you all voted? Senator Burrows.

SENATOR BURROWS: I would like a Call of the House and a roll call vote.

SPEAKER MARVEL: Have you all voted? Okay, what was your request?

SENATOR BURROWS: It's for a Call of the House and a roll call vote.

SPEAKER MARVEL: The first motion is, shall the House go under Call? All those in favor vote aye, opposed no. Record.

CLERK: 5 ayes, 1 nay to go under Call, Mr. President.

SPEAKER MARVEL: The House is under Call. All legislators please take your seats, unauthorized personnel leave the floor and record your presence. Please record your presence. Senator Cullan, Senator Wiitala, Senator Hefner, Senator Higgins, Senator Hoagland, Senator Fenger. They are all accounted for Senator Burrows. Do you want to proceed with the roll call vote, or a roll call? Clerk will call the roll. The issue before us is the adoption of the Burrows amendment to LB 384. Call the roll.

CLERK: (Read the roll call vote as found on page 1150 of the Legislative Journal.) 16 ayes, 21 nays, Mr. President, on adoption of the Burrows amendment.

SPEAKER MARVEL: The motion lost.

CLERK: Mr. President, Senator Schmit moves to amend the Sieck amendment. (Read the Schmit amendment as found on page 1150 of the Legislative Journal.)

SENATOR SCHMIT: (Microphone not on)...of the Legislature, I am not trying to conduct a reverse auction here, but first of all I want to call your attention to the point that was made by Senator Burrows. There is no net worth limitation on the business men who use tax exempt bonds for the purposes of starting a new business, no income limit, no net worth limitation. There was no net worth limitation on the Home Mortgage Act. That was why we drafted this bill without an

income limitation...net worth limitation. We expected the board to use their own discretion as we think they have done with the federal...the Home Mortgage Act. We expected them to use their discretion to see to it that the ultra rich would not use the bill. Now I guess what I am asking this body today is why you want to differentiate between agriculture, business and the home owner. I think you have to sort of back up and take another look at it. I think that the thing might be allowed to work with the \$300,000 limitation on net worth, but I don't think you can put it on much lower than that and have a viable enterprise. I think you need to take a long look at what you are doing. If you want to destroy the bill, that's your prerogative, and I think that may be what some people want to do, but that's not to be decided on a basis such as this. Do it an open and above ground manner because if you are going to say that the agricultural act should have a net worth limitation of \$300,000, then let's apply it across the board. Let's have a limitation on the other acts also. I think the \$300,000 might allow the bill to work. I really don't believe it would work much less than that. I think the board will use their discretion to determine who should receive these loans and who will not. If they don't you can change the bill. I don't think that in the public eye as they are, they are going to go crazy on it. But I would suggest that you will not be able to do anything with a \$100,000 net worth limitation. There isn't any way that a man can go into business today, or a woman, into agriculture or any other business and pay 15, 16, 17 percent interest rate and borrow all the money, borrow all the money, and make it work. But the other reason, the most important reason for having some net worth responsibility is this. If I were to start in agriculture or in business or in anything else and borrow all the money, all the money, have no investment of my own, I am not under as much compulsion to make it work as I am if I have a \$100,000 or \$200 or \$300 thousand of my own money involved. What I am saying is this, that it is easy to walk away from an obligation if it is all the banker's money and if it it's all the investor's money. But if it is half your money and half the banker's money, the banker is not nearly as worried about being out there supervising that operation as he is when you know that you are going to lose your investment first before he loses his. If I were putting up the money, I would be a hundred times more reluctant to put up a \$500,000 loan to any member of this body if they had no net worth than I would be to put up a \$500,000 loan if an individual had 300 or

400 thousand of his own money involved because the natural desire to protect that which you have accumulated is going to drive you to a length that you will not know if you do not have any investment of your own. So think about it from the standpoint of security. If this...under this act we were to make a hundred loans for 500 thousand or 50 thousand, whatever they are, with very little responsibility on the part of the individual, isn't it reasonable to assume the first time it doesn't rain, the first time the cattle price drops, the first time the hogs go to pot, we'd just say, okay, Mr. Banker, it's all yours, come on out and feed the cattle, feed the hogs, cultivate the corn, because I don't have any money invested. The reason I roll out of the sack at four every morning is not because I like to get up every morning, because if I don't get up and go to work and go to the farm and check the cattle, I know what happens. The cattle die. They don't get fed right. Things happen which results in a net loss to me. If Bob Clark had all the money invested, Bob would be the guy that would be out there checking those cattle because he knows Schmit would lay in the sack to the last minute, then I would come walking on the floor at 9:00 o'clock and talk about being a farmer. It's that investment of your own, ladies and gentlemen, that will make this work, not the investment of the state. You have got to have...and it's not the state's investment, it's the revenue bond investment, but you have got to recognize that without some kind of investment on their own, the initiative to succeed will not be nearly as great as if there is an investment. So, ladies and gentlemen, I would ask you to support this amendment. As I said, I think it might work. I think anything less than that probably will not work. I think we should have left it off of there and left it up to the discretion of the board, but if the body chooses to go that route, then I think you better understand why we did it the way we did. Remember one thing in closing, without any investment, without any net worth to lose, the fund will be less likely to succeed than if the individual who secures the loan has got to lose his money first. That's the reason for having a net worth and I think it will work that way. I don't think it will work any other way. Ladies and gentlemen, I ask you to support the amendment.

SPEAKER MARVEL: Before we proceed with the debate, underneath the south balcony Sherry Marsh Tupper from Andover, Massachusetts, is visiting and they are with Senator Shirley Marsh. Will you indicate your presence so we can say hello to you. Thank you. Also underneath

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the south balcony is the family of Senator Hoagland. Will you all stand so we can say good afternoon to you. Senator Warner, do you wish to speak? Your light was on originally.

SENATOR WARNER: Mr. President, I guess I have a... my question will be pertinent now, and I raise it of Senator Sieck and that's the definition of a person in your amendment.

SPEAKER MARVEL: Senator Sieck.

SENATOR WARNER: I do not find in the statute, Senator Sieck, any...or not in the statute but in the bill, any reference to the definition of a person and I am wondering if it is your intent that that applies only to an individual. Does it apply to a corporation, is one person a family corporation, a subchapter S that might have two or three families involved. What constitutes a person in your amendment?

SENATOR SIECK: Yes, Senator Warner. A person in this area as you and I define a person would not be the proper definition. It would be the individual and there again that's a person, and I don't know how you would define it any other way, but someone or family or corporation or whatever you have would want a loan and that is what we are speaking of in this particular area. Whatever body, it could be a family, it could be a corporation or it could be a person, it could be an individual, and that's what I had in mind. That was the intent.

SENATOR WARNER: Okay, thank you.

SPEAKER MARVEL: Senator Hefner.

SENATOR HEFNER: Mr. President and members of the body, I would just like to speak briefly on this amendment. I think this is the Schmit amendment that allows the net worth of a young farmer or the farmer to be \$300,000. I think this is reasonable. I couldn't support the \$600,000 one but...and I thought that Senator Sieck's \$100,000 one was a little too low, and I think we have got to realize here that we need to find or at least try to find a financing arrangement for people who want to farm and especially those young farmers. I think in Nebraska as agriculture goes so goes the whole state of Nebraska and so this would just be another way that we would be able to help out in financing our young farmers to stay on the farm. I urge the adoption of this amendment.

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SPEAKER MARVEL: Senator Vard Johnson.

SENATOR V. JOHNSON: Mr. Speaker and members of the body, I am one of the urban senators who basically defers to my rural senators with respect to all agricultural policies in the state mostly because I have very little knowledge about agriculture. But there are some things in general policies that I am concerned about and I think the thing that concerns me more than anything else is who owns our land? It's the issue of the ownership of the land itself. In a study that was done before the Select Committee on Small Business by the United States Senate, 1980 study entitled Ownership and Control of Farmland in the United States, the study says this. Existing census data show that 37.7 percent of all farmland is owned by landlords but an additional undetermined amount is owned by individuals, partnerships and corporations who hire managers... who hire managers to run their farms. The Department of Agriculture estimates that 54 percent of our farms are now owned by those that farm them. A bare majority of our farmland nationally is operated by the owners. Now I am going to support Senator Schmit's amendment because it is my opinion that the higher equity called for by Senator Schmit's amendment will allow an existing owner and operator of farmland where necessary to acquire more farmland so that that land will not go into the hands of the city investor, the doctor investor, the lawyer investor, the person looking for a tax dodge or a tax angle, and I think it is very important that we keep our farmland in the hands of the people who are going to work that land, and so too do the experts in the area. Experts in the area tell us that greater stewardship practices of our land are maintained by the owner operator than by the absentee operator. Why? Because the owner operator hopes to pass that land on to succeeding generations and by virtue of its holder the owners hope to pass his land on to succeeding generations, he is more careful and she is more careful with the nurturing of the soil and the maintenance of the land, and that is an important quality. So it seems to me that you and I as legislators need to make certain that we have responsible programs in this state designed to protect owner occupied land and designed to inhibit and designed to inhibit absentee ownership of our land. Now Senator Schmit's initial amendment, his initial amendment that we approved this morning assures these kinds of loan funds will go to those persons who are going to operate directly the enterprises involved. I think this new amendment calling for a net worth of no more than \$300,000 is designed to benefit not just the

person who wants to get into the farming operation but somebody who already is in the farming operation who has some equity i.e. he owns some personal property, he owns some equipment that is mostly paid for and he owns a little bit of land but he needs to expand. What today...farmers in this body, what is the efficient unit? Is it a section of land? Is it a section and a half of land? If that is what it is, then it would seem to me that we want to have a program which would assist in encouraging enough owners who also operate their land to be able to acquire additional land surrounding what they have so that they can farm that efficiently. I believe the \$300,000 figure is a responsible figure. I am like Senator Sieck. I am like Senator Barrett. It would be hard for me to justify a totally open-ended loan program....

SPEAKER MARVEL: Your....

SENATOR V. JOHNSON:but we provide reasonable constraints....

SPEAKER MARVEL: One minute.

SENATOR V. JOHNSON:as both Senator Sieck and Senator Schmit have attempted to do, then it seems to me we are acting very responsibly designed to continue to further the cause of owner occupied farming industry.

SPEAKER MARVEL: Senator Koch.

SENATOR KOCH: Mr. Speaker, in good conscience I have to rise to support Senator Schmit's amendment because I have stood here before on several occasions and asked you to support certain kinds of programs that primarily and heavily emphasize the urban side, community improvement financing...I could name a number of others. We have done that to stimulate an economy of an urban center, why should we not be to some degree fair in how we try to stimulate the agricultural industry as well. This is not unreasonable. This is not high risk. In fact, if I had my way I would sooner see a figure larger than this knowing the costs of agriculture today. We have talked about family farms in here for several years. Most of us have had some concerns about this. But to me, if we want to stimulate young men and women of this state to spend their life in the great endeavor of agriculture, this may be a way to help to stimulate that. Therefore, I would hope that many of you would reconsider a position that I had when I first looked at this bill where it was somewhat suspect. Right now I

believe it is worth a try. If we find out that it is not worth the investment of this body in good faith and integrity, we can make the changes. Because primarily in Nebraska even though other states may have had some records that are not good, in Nebraska this body acts with expediency and can correct mistakes that we have made in oversight. I support Senator Schmit.

SPEAKER MARVEL: Senator Sieck.

SENATOR SIECK: Yes, Mr. President, and members of the body, I still have to disagree with this because I initially had \$300,000 on that amendment and I marked it off because I thought it was too high, and I put down \$100,000. Now I feel real strongly this way that an individual that has got a \$100,000 investment in some property and wants to borrow some money in tax free bonds, so to speak, can get that and he is going to stay with it, he isn't just going to let it fly by the wayside, not for \$100,000. And everyone of us, Senator Schmit, myself and whoever, has started out with very little cash flow or very little money. I am sure Senator Schmit started with very little collateral and I also know that he is a very good operator and he has a pretty large holding, and he has done this by his own ingenuity and what I want to do with this is let some other people and several people do this. And another theory I have, if you get this too high and we have people bidding one another, we are going to see our land escalate even higher and this is something we have to guard against. So let's not make it too easy for our people to get money, and I want to protect that family farm. I would like to read to you a little paragraph I received from the rural affairs committee or Urban Affairs. "A maximum net worth of \$100,000 is the most common limit. Beginning farmers with higher net worths are expected to find credit of their own." Georgia completely ignores family owned land when calculating net worth. And here we will include land. The state believes this exemption prevents otherwise low income families who inherit land from missing the benefits of the program. Now Texas includes the value of residential homesteads when collecting net worth. Now those states with annual interest subsidies often add an annual net worth test for each subsequent year. The applicant who wishes to receive the subsidy his net worth must be below some limit, usually higher than the \$100,000. Louisiana limit is \$200,000, Minnesota is \$135,000. By the way, if any of you receive this and I think all of you have, if you look at that chart, you

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will see Minnesota has a plan. Now that plan, I feel, is an excellent plan. I would like to see this instituted in this state if this one fails because then the state is in it but the state is reimbursed for all the money that they put into it over a period of years.

SPEAKER MARVEL: You have thirty seconds left.

SENATOR SIECK: So I am not going to support Senator Schmit's amendment. I am going to stay with the \$100,000. Thank you.

SPEAKER MARVEL: Senator Haberman.

SENATOR HABERMAN: I call the question.

SPEAKER MARVEL: The question has been called for. Do I see five hands? Okay. Shall debate cease? All those in favor vote aye, opposed vote no. Have you all voted? Record.

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

SPEAKER MARVEL: Okay, debate has ceased. The Chair recognizes Senator Schmit to close on his amendment.

SENATOR SCHMIT: Mr. President, Senator Sieck, members of the Legislature, if you want to buy the Minnesota plan I will go for that. I think that calls for about a \$10 million appropriation from the General Fund into the kitty. Now I think that...I don't want to turn around now and look at Senator Warner because he will fall right off his chair if you start talking about that, 10 million bucks...\$10 million out of the Appropriations Committee into the pot to start this thing off with, and you can put the limit down to \$100,000. I will be glad to go that route. But we are not...this is not a state subsidy. This is not a state subsidy. I believe that you can talk all we want to about who is going to make it and who isn't going to make it. Senator Sieck talks about how he started and how I started. I will tell you one thing, it was easier to start thirty years ago than it is today, and I think that all of us who are in the business, and that's true with any business or any profession, I believe, with inflationary times, it is a very difficult situation. What we are asking for here is a reasonable figure. I would not have like to have done it. I would have preferred to have left it out of there and then if there were abuses we could have come in and levied those ceilings. But since the Legislature chooses to go this way, I ask that we have a \$300,000

limit on the net worth and if some problems should develop we can come back next year and change it, but I don't think you will find a problem except that it might be too low. I would hope that...and I agree also with what Senator Johnson has said, this is a vehicle whereby those individuals who are already farming and do not have sufficient operating size to make a living, might be able to expand their operation and make it go. And if they don't do that, they are going to work part-time in town, eventually they will go to town. Now we talked about the flight from the rural areas to the cities. Some people leave because they prefer the city life. Some prefer to work on the farm but can't find land. Other...multitude of reasons why they do leave the farm, but a major reason they do not stay on the farm is because of the fact that they can't raise the capital. I have sat on boards where they had to decide whether young men could make it or not. I watched these families struggle. I know what it's like. I think I know something about it. The worst thing you can do... the worst thing you can do is to try to entice someone into an operation and have them undercapitalized. We call that spoon feeding a man into starvation. That's what will happen. It takes so much money, so much of an operation to provide a living for the family. If you don't have that size of an operation, you have to leave the farm. I think maybe Senator Sieck's \$100,000 a few years ago would have seemed totally realistic, but the escalation in land values that has occurred in the last few years has not made it realistic. I would... I know there are going to be some people who think that you ought to not buy equipment with this money. I suggest we should not make all those various decisions here today. Those are individual decisions that need to be made as we progress by the lender and the borrower. I think they can be made just as they are being made by the Home Mortgage Act and as they are being made with the IDA Bond Act and many other lender-borrower relationships.

SPEAKER MARVEL: You have a minute left.

SENATOR SCHMIT: I would hope he would support the amendment and give it a reasonable chance to succeed. Other members have asked questions about some of the scope of the act. I told you I would like to visit with you about that. I will make any reasonable effort to make it work, but let's give it a reasonable effort or let's just forget about it. Ladies and gentlemen, I hope you will support the amendment.

SPEAKER MARVEL: The motion is the adoption of the

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Schmit amendment as explained by Senator Schmit. All those in favor of the motion vote aye, opposed vote no. Okay, record the vote. Simple majority.

CLERK: 21 ayes, 8 nays, Mr. President, on adoption of the amendment.

SPEAKER MARVEL: The motion is carried. The amendment is adopted. The motion now is the Sieck amendment as amended. All those in favor of that motion...or adopting the Sieck amendment as amended. All those in favor vote aye, opposed vote no. Have you all voted? Have you all voted? Record the vote.

CLERK: 26 ayes, 10 nays on Senator Sieck's amendment as amended, Mr. President.

SPEAKER MARVEL: The motion is carried. The amendment is adopted. Okay, there are five more amendments.

CLERK: Mr. President, the next amendment is offered by Senator Beutler. (Read the Beutler amendment as found on page 1151 of the Legislative Journal.)

SPEAKER MARVEL: Senator Beutler.

SENATOR BEUTLER: Mr. Speaker and members of the Legislature, let me try to orient you first of all as to what the amendment does. It deals with Section 5 of the bill and Section 5 of the bill defines agriculture, or agricultural enterprise, and it says that it shall mean and include "but not limited to" and there are specifically under that five, six, seven, eight different categories of agricultural enterprises. So the first part...my amendment is really in two parts. The first part eliminates the words "but not limited to", so that it would say "agriculture or agricultural enterprise shall mean and include", and we would specify what it includes, drop the language "but not limited to". The effect of that part of the amendment is to be sure that we specify in the statute exactly what we mean by agriculture or agricultural enterprise. I think that that is really in part technical and in large part technical in nature. The second part of the amendment is not technical in nature but substantive. The first definition of agriculture or agricultural enterprise is the real and personal property constituting farms, ranches, and other agricultural commodity producers such as, etcetera, etcetera, etcetera. The second part of the amendment then would drop the words "and personal property" so that the definition of agricultural enterprise would

be limited to real property, farmland. This Section 5 which defines agricultural or agricultural enterprise is a key part of the bill because it is these types of enterprises that can be financed or subsidized through this program. So what I am seeking to do is to limit it to real property. First of all, I wanted to step back and clarify my position on this type of financing. You may recall that last year in the Legislature I opposed something that was called tax increment financing. It really is the same type of indirect subsidies that this bill proposes. That type of financing was proposed specifically in the context of the Cornhusker Hotel here in Lincoln and I opposed it nonetheless. So I just want to be clear that my position on this doesn't have anything to do with agriculture, it has to do with the program that we are setting up which I feel hurts us all in the long run, and with regard to the mortgage finance funds to clarify a statement that was in the paper yesterday, Senator Schmit, I was not here when that bill was passed which probably is the reason I didn't speak up. At any rate the amendment that I am offering...the amendments that I am offering you today again go to different aspects of the bill, not to killing the bill but to making it narrower in scope and more reasonable in my opinion. First of all, with regard to limiting just to farmland, I would point out that of the six different programs that I have any information on at all, four of those limit it strictly to farmland and the other two...one of the other two has a severe limitation on personal property and the last one, the one in Georgia, has no limitation but includes personal property. But it is my feeling that we are just getting into this program, we don't know everything that is going to be involved or how it might turn out and that it would make sense to limit it at the beginning, I think, just to real property. Another point that I wanted to make and a reason that I feel basically that this type of financing is different from even those other types of taxes and bonds that we have allowed to be issued before in this very important respect. In the case of tax increment financing, in the case of industrial development bonds you could very well make the argument that what we are doing is trying to keep our competitive position vis-a-vis other states, that is if we didn't offer these incentives that maybe the industry would set up in another state and we would thereby lose the enterprise. But this is going into a new area. We aren't going to lose any enterprises. The land is here. The land is going to be farmed one way or another. So it is a completely new area. It can't be justified as we

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have justified all things in the past with the exception of the mortgage finance fund with that argument that we might lose the industry. With that, I would close for now, Mr. Speaker.

SPEAKER MARVEL: Senator Schmit. Senator DeCamp.

SENATOR DeCAMP: Mr. President and members of the Legislature, this is a very major amendment and I would have a couple of questions of Senator Beutler.

SPEAKER MARVEL: Senator Beutler, do you yield?

SENATOR BEUTLER: Yes.

SENATOR DeCAMP: Senator Beutler, you stated very succinctly and very clearly that if your amendment is adopted we have narrowed the scope of the bill to Nebraska farmland. In other words, whether it be the family farm or whatever you want to call it, we are dealing then in a very limited area and as we all know not one penny of Nebraska tax money is involved. The loans would have to rise or fall strictly on their own merits. If this amendment were adopted, were accepted, and with the other limitations that have been placed there, could you then support the legislation?

SENATOR BEUTLER: I have about a half a dozen other amendments, Senator DeCamp, which if they were adopted I might very well support the legislation.

SENATOR DeCAMP: What do they do?

SENATOR BEUTLER: What do they do? Well, with regard to Section 5 in the definition section, I would eliminate everything but Section 1 so that we are limiting to agricultural enterprises, to the farms themselves and not to ag related industries, not to farm equipment companies. I have a lot of trouble. I have a lot of business men here in my city....pardon me.

SENATOR DeCAMP: What would the next one be?

SENATOR BEUTLER: Well, that's broken down into three amendments. I want to work further on the definitions of net worth and net assets and a combination of those. I would want to change the composition of the board. Because it's a very pro-bond issue board, I would want a little more objective viewpoint in that regard. And I haven't gotten to the last few pages of it yet, Senator DeCamp.

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SENATOR DeCAMP: Well everything you said sounds pretty reasonable. First of all, we have discussed a little bit, some of the members here, that we would want to change the composition of the board a trifle. We certainly want to get some agricultural representation on there since we are talking about agricultural bonds. The other concept you brought up of limiting it to agricultural land, farming, for this step seems to me to make a lot of sense. Let's walk if we are going to walk at all before we take off running. We would find out if it could work or would work in this way the same as we did with our housing bonds. And the personal property amendment, quite frankly, I don't know Senator Schmit's attitude. I think it makes sense to limit it right now before we go too much further to that. So I see no problem with any of the amendments you have discussed this far, in fact, I think they enhance the legislation. They focus its direction and I personally will be supporting them as long the wording is right. With respect to the net worth aspect, I was going to raise that question myself in that it's one thing to pick up an income tax return and you can see how much somebody earned but net worth is a completely different concept and we have to have some standards for defining that.

SPEAKER MARVEL: You have one minute.

SENATOR DeCAMP: So with these understandings, I personally am going to be supporting this particular amendment and depending upon the wording on the others, I will probably be supporting most of the others and I would hope that you then would at least be willing along with some others to experiment in the area of agriculture as we did in housing and it worked wonderfully good for the state at a very critical time a couple of years ago, and I think this might come into play at another critical time. Remember on this legislation, there is not one penny of tax money and there is nothing to say one penny of bonds will ever be issued because they would have to be bought by some private investor who was willing to risk his money on the security involved. So with that understanding, I am going to support the particular amendment here.

SPEAKER MARVEL: Senator Kahle and then Senator Vard Johnson.

SENATOR KAHLE: Mr. President and members, I have a question of I guess Senator Beutler. If I understand it correctly, you are only going to allow this money to be loaned out to buy land with or buy real estate with. Is

that correct?

SENATOR BEUTLER: I'm sorry, Martin, were you asking me a question?

SENATOR KAHLE: Yes. If I understand the amendment right, you are only allowing this young farmer that we are talking about to buy real estate with that loan. Is that correct?

SENATOR BEUTLER: That's basically correct, Senator Kahle, except the bill isn't limited to young farmers as you are well aware.

SENATOR KAHLE: Well, let's skip that, but you are only allowing them to buy real estate then with that loan?

SENATOR BEUTLER: That's right.

SENATOR KAHLE: How is he going to farm if he does not have some other source of...that he can borrow money from? I guess what I am saying is this that most young farmers in the past and you mentioned some of you, started out by leasing, renting or whatever, land on a sharecrop basis or for cash rent and then bought machinery and then tried to borrow enough money to buy a line of machinery that you could get by with for a few years and then many years later actually bought land. Now I think if you are going to help young farmers to buy land the very first thing off the bat I think is the wrong way to go because land is over priced at the moment for what you can get out of it. The best deal you could possibly get would be to rent some land, sharecrop some land or as in our country now where young farmers, old farmers, any kind of farmers, are leasing land on perhaps a part of the crop like 40 bushels of corn, 30 bushels of corn. And so what young farmers I think need is funding to get them started with a line of machinery and a line of capital that they can buy the seed and the fertilizer and get them through the summer with their families. I think just putting a restriction on it just to buy land with is wrong. Thank you.

CLERK: Mr. President, Senator Vickers moves to amend the Beutler amendment. (Read the Vickers amendment as found on page 1151 of the Legislative Journal.)

SPEAKER MARVEL: Senator Vickers.

SENATOR VICKERS: Mr. Speaker and members, what I am

attempting to do with this amendment to the Beutler amendment is to clarify it which I think was Senator Beutler's intent, only a little bit more clearly. I don't have any trouble with his amendment that says, "but not be limited to", but I share Senator Kahle's concerns about taking out the words "personal property". Personal property can be very essential to a livestock operation to many, many of the farming operations in the State of Nebraska. Personal property when it relates to livestock, to the cattlefeeders, to the stockmen of the State of Nebraska, to the swine industry, can mean many, many thousands of dollars and mean their entire livelihood. Now it is entirely possible, and we are talking about young farmers although that is not necessarily the case. I guess I would like to consider myself relatively young, Senator Johnson, but I am not sure that's true, I am a little bit older than you are. But the fact of the matter is that many of us that are in the livestock industry no matter what our age could get in trouble and need assistance and I mean big, bad trouble, and it seems to me that personal property should be kept in the statutes. So what I am attempting to do is narrow it down so that Section 5 will read like this, and I would hope that Senator Schmit and DeCamp would be listening at this point in time. I am attempting to amend Section 5 so it will read, "agriculture or agricultural enterprises shall mean and include, number one, the real and personal property constituting farms and ranches." And then strike the rest of Section 5. I think that is what the intention of this legislation is, is to assist farmers and ranchers of the State of Nebraska but I do think and I insist that it be for both real and personal property reasons, not just for real property. So that is the amendment to the Beutler amendment and I urge the body's adoption.

SPEAKER MARVEL: Senator Vard Johnson.

SENATOR V. JOHNSON: Mr. Speaker and members of the body, I rise to support the Vickers amendment to the Beutler amendment. I think that it very carefully tailors what is and what is not an agricultural enterprise for purposes of the act. I note in looking over comparable acts in other states, the Pennsylvania act, Senator Vickers, provides that so many dollars can be used for real estate acquisition and so many dollars can be used for non real estate acquisition. So it's very clear that other states who have looked at this issue have concluded that it is best not to limit their agricultural development programs solely to land acquisition,

but in addition to allow the acquisition of some personal property as well. So I think that your amendment is a wise amendment.

SPEAKER MARVEL: Senator Remmers.

SENATOR REMMERS: Mr. Speaker and members of the Legislature, I want to support the Vickers amendment. When this bill started I thought it was for the purpose of helping young farmers get started in the business. In my part of the country traditionally and even yet today young farmers have gotten started as tenant farmers. That's why I have some problems with the purchase of real estate. With the inflated values that we have in real estate today, I just can't see that the operation of the farm is going to pay for the real estate. But if I am to support the bill it is going to have to include the personal property. I think that is the most important thing that the young farmer can borrow money to buy that tractor or the plow or whatever he needs. I support Senator Vickers' amendment.

SPEAKER MARVEL: Senator Burrows. Speaking to the Vickers amendment.

SENATOR BURROWS: Mr. Speaker, I believe I support the Vickers amendment. The key problem with the Beutler amendment would be removing personal property from criteria that could be considered for a loan and I think that would...where you have got possibilities of young farmers working into agriculture, if you eliminate the personal property and leave only the real estate, I think that would just dampen out the best possibilities of helping out young farmers. So reinstating the personal property, I think, is essential in the amendment. So if I understand it correctly, and I want to look at it again, I certainly support the Vickers amendment if that is what it does. Thank you.

SPEAKER MARVEL: Okay, we are voting on the Vickers amendment to the Beutler amendment. Senator Schmit, for what purpose do you arise?

SENATOR SCHMIT: I rise to speak on the Vickers amendment to the Beutler amendment, Mr. President.

SPEAKER MARVEL: Okay.

SENATOR SCHMIT: I support the amendment by Senator Vickers for the reasons given by Senator Burrows, Senator

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Kahle, Senator Johnson, and I think that it is almost impossible as Senator Remmers pointed out to start out with a piece of real estate and go from there. It's starting from the top down. You usually start from the bottom up, and the extra language which concerns Senator Beutler, I would just like to pick out one small portion of that, refers to livestock pens. It was not our intention that we set anyone up in a stockyard, the idea being that if the lender and the borrower decided that the man needed some livestock pens on his premises, that he could build them and he would not be prohibited from using some of that capital in that manner. Although I think that we can live with the amendment the way Senator Beutler has proposed it, I think the personal property is going to have to be involved. I think you are going to fall back again, ladies and gentlemen, upon the integrity of the lender and that board time after time because it's in the long run...in the long run you are going to find very few people that are willing to loan money under a bond issue for personal property, but there is going to have to be some ability to use that capital as the lender and the borrower decide it's in the best interest of the loan. So I think that the Vickers amendment narrows it down, makes it very specific, as Senator Beyer had some of those same concerns and I think that Senator Remmers pointed out the concern that we would all face if they went out on the market and tried to buy a farm and then went out to hustle your machinery. It doesn't work very well that way. So I would suggest that we accept the Vickers amendment to the Beutler amendment and I hope that Senator Beutler would accept that also.

SPEAKER MARVEL: The Pages are passing out a form to you which we will refer to later. I hope that you won't leave before we get a chance to indicate to you that we have a new...not a new, we tried it last year and the year before, called a Consent Calendar, which we are going to use tomorrow when we meet at 9:00 o'clock and adjourn at 2:00. Senator Beutler, do you wish to be recognized?

SENATOR BEUTLER: Mr. Speaker and members of the Legislature, in Minnesota and North Dakota and in Louisiana and Texas they all limit it to just farmland and I don't know how their farm situation is different from ours, but perhaps it is, I am no expert. At any rate, I have five amendments up there today. Amendments two, three and four essentially do the same thing that the Vickers amendment is doing also. So in the spirit of compromise,

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I think we probably all could save ourselves a lot of time if everyone is agreeable to the Vickers amendment, put personal property back in and eliminate the rest of Section 5, and that certainly makes that section a mile and a half more reasonable than it was before. So I would accept the Vickers amendment.

SPEAKER MARVEL: Senator Beyer, do you wish to speak to the Vickers amendment?

SENATOR BEYER: I call the question.

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

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

SPEAKER MARVEL: Debate is ceased. The Chair now recognizes Senator Vickers to close.

SENATOR VICKERS: Thank you, Mr. Speaker. Members, in order to make it perfectly clear what Section 5 will look like if you accept my amendment to the Beutler amendment and then accept the Beutler amendment, I will read to you the way Section 5 will read. Section 5, on page 4, of LB 384 would then read: "Agriculture or agricultural enterprise shall mean and include the real and personal property constituting farms and ranches." And that would be the end of Section 5. My intention is to narrow it down so that these dollars will be available only to legitimate farms and ranches of the State of Nebraska. And it is also my intention to make sure that these dollars are available for all agricultural activities taking place on the farms and ranches which is the reason I thought it was so important that we reinsert the words "personal property". Personal property can mean the livestock pens, the hog facilities, hog feeders, tractors, machinery and etcetera. It seems to me it could also mean Senator Peterson's bees. If it's on a farm and it is personal property, then it seems to me that we don't need to have this laundry list of things in the statutes many of which broadened 3 to 4 out to where I just couldn't in any way accept it. I think it is a good idea to narrow this down. As Senator DeCamp said, let's walk a while first and see how it works, but I think this is a logical amendment and would urge the body's adoption.

SPEAKER MARVEL: Okay, the question before the House is the adoption of the Vickers amendment to the Beutler

amendment. All those in favor vote aye, opposed vote no. Record.

CLERK: 31 ayes, 0 nays, Mr. President, on adoption of Senator Vickers' amendment.

SPEAKER MARVEL: The motion is carried. The amendment is adopted. The issue before the House now is the adoption of the Beutler amendment as amended. Senator Beutler, do you wish to be recognized? Okay, all those in favor of that motion vote aye, opposed vote no. Record.

CLERK: 31 ayes, 0 nays, on adoption of the Beutler amendment as amended, Mr. President.

SPEAKER MARVEL: Okay, the motion is carried and the amendment as amended is adopted.

CLERK: Mr. President, I now have an amendment from Senator Beutler. (Read the Beutler amendment as found on page 1151 of the Legislative Journal.)

SENATOR BEUTLER: Mr. Speaker and Mr. Clerk, I would ask to withdraw amendments 2, 3 and 4.

SPEAKER MARVEL: Hearing no objection, so ordered.

CLERK: Mr. President, Senator Beutler moves to amend LB 384. (Read the Beutler amendment as found on page 1151 of the Legislative Journal.)

SENATOR BEUTLER: Mr. Speaker and members of the Legislature, these changes are on page 8 of the bill and they have to do with the composition of the governing board of the corporation that issues these bonds. The composition of the board is laid out in Section 16 and basically there are three ex officio members and in addition to that there are six public members, two representing the agricultural financing industry, two representing the farm real estate industry and two people representing the public at large. My amendment simply does this, instead of two from the agricultural financing industry there would be one, instead of two from the farm real estate industry there would be one, and then there would be four persons representing the public at large. I suppose this is a matter of just general philosophy and I simply don't feel that those who have a financial interest in the issuing of the bonds should be those who have a majority on that board or any board. So I am simply reducing the representation

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from the agricultural financing industry and the real estate industry and increasing the representation from the public at large. You know, in the end I don't know if this does a whole lot of good to argue about these things. Who those members from the public at large are all depends on who the Governor is, and in Public Works, for example, we ended up with Clayton Lukow representing the environmental interests on one particular board which I thought was amusing. But at any rate, it seemed to me that...it seems to me that we should not explicitly require that the people...that a majority of people on the board come from the industries who stand to benefit from the issuance of a large number of bonds. And, therefore, I would ask for the adoption of this amendment.

SPEAKER MARVEL: The motion is the adoption of the Beutler amendment as explained. Senator Vickers, your light is on, do you wish to speak to this Beutler amendment?

SENATOR VICKERS: Mr. Speaker, I would like to ask Senator Beutler a question if he would respond, please.

SPEAKER MARVEL: Senator Beutler, do you yield?

SENATOR VICKERS: Senator Beutler, if I understand it correctly, you're saying one member representing the agricultural financing industry, one member representing the farm real estate industry and four people representing the public at large. Is that correct?

SENATOR BEUTLER: That's right.

SENATOR VICKERS: Would you be amenable to an amendment to your amendment that would say, four people representing the public at large, two of whom shall be farmers, bona fide farmers or ranchers? On the top of page 9. So it would read four people representing the public at large, two of whom shall be farmers, bona fide farmers or ranchers.

SENATOR BEUTLER: I think I would prefer to leave it at the discretion of the Governor rather than putting on the board people who would specifically have to be involved in agriculture.

SENATOR VICKERS: Well, thank you, Senator Beutler.

SENATOR BEUTLER: In all probability at least two of them will be anyway, as you well know, so I am not sure

we are arguing about anything of particular significance.

SENATOR VICKERS: Well, I have one drawn up to put on another amendment to one of your amendments but I guess under the circumstances since you so graciously accepted the last one, I guess I won't try this one, but it's simply for intent purposes on the floor of the Legislature for the record, I think it should be clearly understood that at least part of those people of those four and preferably at least two of them should be bona fide farmers and ranchers if they are going to be serving on this board, and I will not attempt to amend it to that fashion but would hope that that would be the results of in reality the way they would be picked. Thank you, Senator Beutler.

SPEAKER MARVEL: Senator DeCamp.

SENATOR DeCAMP: Mr. President, normally I would have reservations and maybe get up and oppose this because of fear that you would get the wrong kind of people where there would be people that would be put on that could torpedo it. However, I got to thinking this bill, this proposal was one of the most important things in the Governor's talk before the Legislature. He would have the authority of picking these people and one has to believe that he would pick people who would implement the program, so I am supporting the amendment on the theory that he is going to pick people that will implement the law that he wanted.

SPEAKER MARVEL: Senator Beutler, do you wish to close? Waived close. All those in favor of the Beutler amendment as explained vote aye, opposed vote no. Record the vote.

CLERK: 29 ayes, 0 nays, Mr. President, on adoption of the amendment.

SPEAKER MARVEL: Okay, the motion carried. The amendment is adopted.

CLERK: Mr. President, the final amendment I have on the bill is to amend LB 384 by striking the word "morals" on line 6, page 4. That is offered by Senator Vickers.

SPEAKER MARVEL: Senator Vickers.

SENATOR VICKERS: Mr. Speaker and members, I would hope the introducers of this would not look at it as a nitpicking amendment either. On page 4, line 6, it says that the necessity for the provisions of Sections 1 to 54

of this act is to protect the health, safety, morals and general welfare of all the people of this state, is hereby declared as a matter of legislative determination. I have a lot of difficulty with the word "morals" being in there. I don't really believe that providing more agricultural related loans to agriculture is going to improve the morals of the State of Nebraska. As a matter of fact, it might be just the opposite. I will tell you, quite frankly, one of the reasons that I am held down as much as I am is because I don't have enough money to spend, you know, the high cost of sin nowadays and so forth. So I think the word "morals" should be taken out of that section because I don't believe that that is part of our legislative responsibility to indicate that more agricultural loans will improve the morals of this state. I ask the body's adoption of this amendment.

SPEAKER MARVEL: Senator DeCamp.

SENATOR DeCAMP: Well, Mr. President, as one of the co-sponsors of the bill, I certainly accept the amendment. I wouldn't want to have morals be the standard of whether I got a loan or not and I am sure others wouldn't either, so I support taking that particular word out of the bill. We don't want to get too carried away with what we are doing in our legislation here.

SPEAKER MARVEL: Senator Kahle.

SENATOR KAHLE: Mr. Speaker, this worries me too. I think if any farmer gets one of these loans he is not going to have time to be immoral. He's going to have a hard time paying it off.

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

CLERK: 26 ayes, 2 nays, Mr. President, on the adoption of Senator Vickers' amendment.

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

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

SPEAKER MARVEL: The motion is carried. The bill is advanced.

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LB 59, 168, 168A,
258, 292, 384

Wittala, Senator Warner, Senator Cope, Senator Wesely, Senator Schmit, Senator Beutler, Senator Vard Johnson, Senator Sieck, Senator Lowell Johnson, Senator Peterson, Senator Dworak, Senator Chronister, Senator Chambers. Senator Wesely, Senator Chambers. Will all legislators please take your seats so we can proceed? Senator Cullan, shall we proceed? Do you want a roll call vote?

CLERK: (Roll call vote taken. See page 1194, Legislative Journal.) 24 ayes, 21 nays on the motion to indefinitely postpone, Mr. President.

SPEAKER MARVEL: Okay, the bill is deceased. The Call is raised.

CLERK: Mr. President, while we are waiting, your committee on Enrollment and Review respectfully reports they have carefully examined and reviewed LB 384 and recommend that same be placed on Select File; LB 59, Select File, 168, Select File and LB 168A, Select File. (Signed) Senator Kilgarin, Chair. (See pages 1195 and 1196 of the Legislative Journal.)

SPEAKER MARVEL: The next order of business is LB 292.

CLERK: Mr. President, LB 292 was a bill introduced by Senators Maresh, DeCamp and Kilgarin. (Read title.) The bill was first read on January 19. It was referred to the Government Committee. The bill was advanced to General File and I do have committee amendments pending by the Government Committee, Mr. President.

SPEAKER MARVEL: Senator Kahle.

SENATOR KAHLE: Mr. President and members, the committee amendments are basically the bill now, and, of course, the bill was heard before the Government, Military and Veterans Affairs Committee on February the 12th. If you look in your bill book, you will see the procedure that was taken. This is a forms management bill and, of course, in order to explain the amendment I almost have to explain the bill, and I am sure that those that introduced it will be a little bit more informed than myself. But it seems that we have a great number of forms in the procedure of state government. And I think you have all heard complaints over the years that, my gosh, how many forms do we have and how many do we have to fill out to get something done? In our education system, in our... anything that you do in the State of Nebraska or perhaps anywhere else for that matter, you have an enormous amount

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LB 298, 40, 167, 208,
384, 483, 253

and support things for somebody else but don't mess in my little bird nest. So I'd just like to include us all in it if we are going to go. I don't like to see somebody excluded just because they are working on it. I can work on something between now and next year, too.

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.

CLERK: 25 ayes, 12 nays, Mr. President, on the motion to advance the bill.

SPEAKER MARVEL: The motion is carried. The bill is advanced.

CLERK: Mr. President, if I may while we are waiting, Education reports LB 208 to General File with amendments.

Senator Labeledz would like to print amendments to LB 483; Senators Goodrich and Newell and DeCamp and Koch to LB 40; Senator Vickers to LB 384; and Senators Hoagland and Warner to LB 167.

SPEAKER MARVEL: The next business is LB 253.

CLERK: Mr. President, LB 253, (Read title). It was read on January 16, referred to Ag and Environment. On March 24 the committee amendments were adopted. At that time the bill failed to advance. There was also an amendment from Senators DeCamp, Hoagland and Wesely which was adopted at that time. Mr. President, Senator DeCamp has amendments found on page 1162 that I understand he wishes to withdraw. You want to withdraw those on 1162, is that right, Senator?

SENATOR DeCAMP: Yes, the longer page ones is the ones I want.

CLERK: Okay, and then, Mr. President, I have an amendment from Senator DeCamp that is on page 1177 of the Journal.

SPEAKER MARVEL: We are now on the DeCamp amendment, page 11, what?

CLERK: 1177.

SPEAKER MARVEL: 1177.

SENATOR DeCAMP: Mr. President, members of the Legislature, you may remember...this is the litter bill. You may remember Senator Fowler and Wesely and Vickers and Chambers and,

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LB 167, 384

we have been able to make this exemption to continue this exemption and to say that we really do not want a uniform bill since it is no longer uniform, that we really do not want this kind of inconsistency, that frankly, if we can not be honest, let's not play the game. Thank you.

SPEAKER MARVEL: Senator Carsten, do you want to close?

SENATOR CARSTEN: No closing, Mr. President. I think everybody knows what the score is. Let's move the bill.

SPEAKER MARVEL: The motion is to advance LB 167 to E & R for engrossment. All in favor of that motion vote aye, opposed vote no. Record the vote, no, I'm sorry. I am still operating from yesterday. Have you all voted? Record.

CLERK: 26 ayes, 6 nays on the motion to advance the bill, Mr. President.

SPEAKER MARVEL: The motion is carried. The bill is advanced. The next item, 384.

CLERK: Mr. President, there are E & R amendments to LB 384.

SPEAKER MARVEL: Senator Kilgarin, do you want to move the E & R amendments to LB 384?

SENATOR KILGARIN: Yes, sir. I move the E & R amendments to LB 384.

SPEAKER MARVEL: All in favor of that motion say aye, opposed no. The motion is carried. The E & R amendments are adopted.

CLERK: Mr. President, I now have a series of motions. The first is offered by Senator Warner. Senator Warner moves to amend LB 384 on page 3, striking lines 6 through the word "financing" on line 12; strike the word "such" in line 12. That is offered by Senator Warner.

SPEAKER MARVEL: It is an amendment to 384. Senator Beutler.

SENATOR BEUTLER: Mr. Speaker, there are a series of six or seven amendments up on the bill, all of which Senator Schmit and the people involved think can be worked out without a long afternoon of debate on them. So with the permission of the body I would ask unanimous consent that LB 384 be passed over today.

SPEAKER MARVEL: Hearing no objection, so ordered. What is the next item?

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LB 39, 168A, 329,
333, 384, 483

Mr. President, I have a series of amendments from Senators...two amendments from Senator Wesely to LB 384 and an amendment from Senator Koch to LB 39. (See pages 1281-1282 of the Legislative Journal.)

SPEAKER MARVEL: Okay, Senator Kilgarin, we have the A bill, 168A.

SENATOR KILGARIN: I move LB 168A be advanced to E & R for engrossment.

SPEAKER MARVEL: All those in favor of that motion say aye, opposed no. The motion is carried. Are we ready for 329, Mr. Clerk?

CLERK: Yes, sir, there are E & R amendments to 329, Senator. E & R amendments.

SPEAKER MARVEL: Senator Kilgarin.

SENATOR KILGARIN: I move the E & R amendment to LB 329.

SPEAKER MARVEL: All those in favor of that motion say aye, opposed no. The motion is carried. The amendment is adopted.

CLERK: I have nothing further on the bill, Senator.

SPEAKER MARVEL: 329?

CLERK: Yes, sir.

SENATOR KILGARIN: I move LB 329 be advanced to E & R for engrossment.

SPEAKER MARVEL: All in favor of that motion say aye, opposed no. The motion is carried. The bill is advanced. The next one is 333.

CLERK: There are E & R, Senator.

SENATOR KILGARIN: I move the E & R amendments to LB 333.

SPEAKER MARVEL: All those in favor of that motion say aye, opposed no. The motion is carried. The amendment is adopted.

CLERK: Nothing further on the bill.

SENATOR KILGARIN: I move LB 333 be advanced to E & R for engrossment.

SPEAKER MARVEL: All in favor of that motion say aye, opposed no. The motion is carried. The bill is advanced. Next bill is 483.

April 6, 1981

LB 174, 351, 446, 125
384, 407, 427, 427A,
157, 157A, 200

Mr. President, your Enrolling Clerk has presented to the Governor LBs 174, 351, 446 and 125.

Mr. President, I have a report of certain Gubernatorial appointments from the Public Health and Welfare Committee that will require legislative approval.

Mr. President, finally Senator Beutler would like to print amendments to 384 in the Journal.

SPEAKER MARVEL: Senator Kilgarin, do you have a list of bills? The Clerk will announce to you and then we can go from there. 407 is the first one.

SENATOR KILGARIN: I move that LB 407 be advanced to E & R for Engrossment.

SPEAKER MARVEL: 407? All those in favor of advancing the bill say aye, opposed no. The motion is carried, the bill is advanced. Next, 427.

SENATOR KILGARIN: I move LB 427 be advanced to E & R for Engrossment.

SPEAKER MARVEL: All in favor of that motion say aye, opposed no. The motion is carried, bill is advanced. 427A.

SENATOR KILGARIN: I move LB 427A be advanced to E & R for Engrossment.

SPEAKER MARVEL: All in favor of that motion say aye, opposed no. Motion is carried, bill is advanced. 157.

SENATOR KILGARIN: I move LB 157 be advanced to E & R for Engrossment.

SPEAKER MARVEL: All in favor of that motion say aye, opposed no. Motion is carried, bill is advanced. LB 157A.

SENATOR KILGARIN: I move LB 157A be advanced to E & R for Engrossment.

SPEAKER MARVEL: All in favor of that motion say aye, opposed no. Motion is carried, bill is advanced. LB 200.

CLERK: Mr. President, I have a motion from Senator Carsten on LB 200.

April 24, 1981

LB 384

is the Freedom to Assemble and the Freedom of Speech and Law Day is Law Day and it should be conducted with dignity and I would encourage your support of this resolution. Thank you, Mr. Chairman.

SPEAKER MARVEL: The motion is the adoption of the resolution as explained. All those in favor of adopting the resolution vote aye, opposed no. Record the vote.

CLERK: 28 ayes, 0 nays, Mr. President, on the adoption of the resolution.

SPEAKER MARVEL: The motion is carried and the resolution is adopted. We now go to item #5 and you will note under item #5 that there is a serious attempt to try to cover all of the information and discussion on Select File this morning. So we are ready for LB 384.

CLERK: Mr. President, LB 384 was last considered by the membership on April 2. At that time there were E & R amendments adopted. I now have an amendment from Senator Warner. Okay, I have several other amendments, Mr. President. The next is by Senator Vickers. Senator Vickers has an amendment to the bill, Mr. President, on page 1262 of the Journal.

SPEAKER MARVEL: Senator Vickers.

SENATOR VICKERS: Mr. Clerk, I would like to amend that amendment to just strike the original section 2 and just stop right there if we could.

CLERK: Senator, you need to withdraw this one then and we will write up another one.

SENATOR VICKERS: Okay, I will just withdraw this for now and you can go into another one.

CLERK: Okay, I have got several ahead of it, yes. Mr. President, the next amendment I have is from Senator Wesely. Senator Wesely's amendment is on page 1281 of the Journal.

SPEAKER MARVEL: The Chair recognizes Senator Wesely.

SENATOR WESELY: Thank you, Mr. Speaker, members of the Legislature, this amendment to LB 384 has been discussed between Senator Schmit and myself and I recall that, I think Loran had agreed to some of the changes here so I think these have been worked out pretty much. The major thing that we are trying to do here is, if you will look on page 1281, the amendment has three different sections.

I think the first one deals with the question "of usual and customary size for farming operations within the community." What we are trying to do is suggest that we are not trying to, in these beginning farming operations, provide for a large operation. We are just talking about an average sized farm and I think we are just trying to clarify. We are aiming toward a more moderate size, not the larger farmer. The second part of the amendment deals with the question of repayment of the loan and we say the loan should attempt to be repaid within ten years and what we are trying to do here is to set up a system where you would repay the loan on a very marginal basis and then at the ten year period I think what we would want to see is a renegotiation and perhaps a reconsideration of whether or not that loan could be financed privately instead of publicly. So this is sort of a check and balance that I think won't hurt anything but would provide a greater accountability for these loans so that we could make sure in a shorter period of time that the public monies involved are necessary and that private monies are not available. Then the third section of that change deals with the question of how many lenders have to turn down the applicant before they can use this fund. Originally the bill said one person could turn you down and that would be enough to qualify. What I do is change that from one to two and the whole point here is that you could go to a banker and you could say, "Hey, you know, this is a real good program and why don't you say that I can not get a loan from you and then we will work it out and then I can come back and get this loan through your bank that you will be administering these funds and we could work out kind of an interesting deal here." And so when you have two lenders though, it is going to be a little tougher to do that and you will have to, you know, there is not a personal benefit involved both with a banker and the borrower. So this is a check and balance again and if you know much about farm loan programs you know you have to go through a couple and sometimes three other lenders before you can use the public lending capability so I think this is a wise change as well to put a check and balance on these public funds. Those are the changes again they are trying to target more of the smaller operation or average sized operation of farm too. They say that they should be paid in a ten year period and then renegotiated probably if they need the money still. That won't be any problem and then, number three, they should check with two lenders instead of just one before they go to the public funds that are available. That is the changes in that amendment.

SPEAKER MARVEL: Okay, the motion is the Wesely amendment to the bill. We have Senator Schmit and Senator Burrows.

Do you both want to talk on the Wesely amendment or do you want to talk on the bill?

SENATOR SCHMIT: Mr. President, I will just speak briefly on the Wesely amendment. In line with your admonition to keep it brief, I support the amendment. Senator Wesely is trying to narrow the scope a little bit and I have no objection to it and, therefore, I would ask that the amendment be adopted and we can move along.

SPEAKER MARVEL: Okay, the motion is the adoption of the Wesely amendment to LB 384. All those in favor of the motion vote aye, opposed vote no. The Wesely amendment is found on page 1281 of the Journal. Have you all voted? Does anybody else wish to vote? Have you all voted? Senator Wesely, what do you wish to do? Record.

CLERK: 27 ayes, 1 nay, Mr. President, on the motion to adopt the Wesely amendment.

SPEAKER MARVEL: The motion is carried and the Wesely amendment to LB 384 has been adopted.

CLERK: Mr. President, I have a second Wesely amendment to the bill that is found on page 1281 of the Journal.

SENATOR WESELY: Again, Mr. Speaker, members of the Legislature, this amendment I discussed with Senator Schmit and it deals with the question of reporting on the loans that were provided through this program and it goes through a list. If you will look on the Journal page 1281, it goes through a list of things and items which would be reported then on each loan that would be used for this fund. It is an attempt to try and make sure we know who is getting the loans and why they are getting them and that sort of thing. It is just a reporting requirement. I think in talking to Senator Schmit, after we see how things operate it is quite possible that we won't need this sort of reporting requirement but just for the first few years it would be helpful so we can see how it works and operates. So if there is any questions I would be glad to answer them but that is the intent.

SPEAKER MARVEL: The motion is the adoption of the second Wesely amendment as found on page 1281. All those in favor of the Wesely amendment as discussed vote aye, opposed vote no. While we are waiting for the vote, in the North balcony from Senator DeCamp's district, it is my privilege to introduce four students from Anoka Public School, Boyd County. Ruth Weaver is the teacher. Will you hold up your hands so we can see where you are. Welcome to the Unicameral. Have you all voted? We are voting

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LB 384

on the second Wesely amendment. Have you all voted? Have you all voted? Senator Wesely, we are still having troubles. Do you have a solution?

SENATOR WESELY: Well, I guess we just need one more vote and our problem would be solved.

SPEAKER MARVEL: Okay, record.

CLERK: 25 ayes, 0 nays on adoption of the Wesely amendment, Mr. President.

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

CLERK: Mr. President, Senator Sieck now moves to amend the bill. (Read Sieck amendment.)

SPEAKER MARVEL: The Chair recognizes Senator Sieck.

SENATOR SIECK: Yes, Mr. President and members of the body, I proposed this amendment because I felt the equity was still too high. I am going to talk about it and may withdraw the amendment. I am fearful that we are going to serve farmers. I think this was quoted several times and I think this is right. As I see the bill progressing I feel this is what is happening, that it is going to be a farmers' mortgage financial capabilities. I don't think we are going to help the small farmer. It is going to be very difficult because the ones with the clout are going to get the loans. I am sure of this. I also see not much help in the interest rate. I don't feel that we are going to get much advantage, maybe 2%, and we are going to get into competitive buying on land which would encourage the land price to go up. I feel this is kind of difficult because I see the need to help individual farmers but I felt that I should throw up these red flags and that is the way I feel personally. It is not any research that I have done but I feel this in my heart, that we are going to have some difficulties and the middle income people are the ones that are going to get these loans. Maybe they need it but I do feel that there is other sources, that they can get this money. I had a call from a young farmer near Waco. He felt that I was right when I put up the \$100,000 equity. He has difficulty getting a loan. In his equipment he has a \$75,000 equity. No one will borrow him the money to operate this coming year. He is in great difficulty. Will this bill help him? I doubt whether it will but I can't see where \$200,000 will help much. I don't think it makes much difference whether it is \$200,000 or \$300,000. So with this I will ask for unanimous consent to withdraw my amendment.

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SPEAKER MARVEL: Hearing no objection, so ordered.

CLERK: Mr. President, the next amendment I have is offered by Senator Beutler and that is found on page 1300 of the Legislative Journal.

SPEAKER MARVEL: Senator Beutler.

SENATOR BEUTLER: Mr. Speaker and members of the Legislature, this is another amendment that has been approved by Senator Schmit. Senator Schmit and a number of us who had some concerns about the bill between General File and Select File and were able to reach agreement on a number of things. This amendment does two things. First of all, the bill in its present form allows bonds to mature up to fifty years, fifty years from the day of issuance and this is far, far beyond anything we do in our statutes for any kind of bond, whether it be a municipal bond or an industrial development bond. Now the closest analogy we have in our statute is the Industrial Development Bond Act to help private industries in small towns and large towns and the term of the bond issue there is thirty years. And so, what I have done is simply use that analogy and suggested that the maximum term of the bonds to be issued should be thirty years instead of fifty. That is part one of the amendment. The second part of the amendment seeks to close up what I feel to be a loophole in the law. It provides that the loan agreements in the law will not be subject to assumption by any person who does not qualify for the issuance of a loan under the Act. So in other words, I want to prevent the possibility of somebody qualifies for the loan coming in and getting the loan and then assigning over to somebody else that same loan agreement and thereby circumvent the requirements built into the law which seek to protect against giving these loans to people who are well off as opposed to those who need them. So that is the loophole that that seeks to stop up and again, I think that Senator Schmit is in agreement on these amendments. Thank you.

SPEAKER MARVEL: The motion before the House is the adoption of the Beutler amendment to LB 384. All those in favor of that motion vote aye, opposed vote no. Record.

CLERK: 25 ayes, 0 nays on adoption of the Beutler amendment, Mr. President.

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

CLERK: Mr. President, Senator Warner now moves to amend the bill. (Read Warner amendment as found on page 1567 of the Legislative Journal.)

SENATOR WARNER: Mr. President, I move the amendment be adopted.

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As I recall, on page three, lines 6 through 12, all I was suggesting is to strike the language which is sort of a policy statement saying that the problems that were earlier identified in the act cannot be remedied through the operation of private enterprise or individual communities but it can only be resolved to the creation of governmental body and as a matter of policy I don't think the state ought to state in their statutes that the private sector is unable or impossible to resolve this issue and I think Senator Schmit has indicated he did not object to the striking of those words because it makes no substantive change as far as the operation of the act. I would move the amendment be adopted.

SPEAKER MARVEL: Is there any other discussion on the Warner amendment? Okay, the motion is the adoption of the Warner amendment to LB 384. All those in favor vote aye, opposed vote no. Have you all voted? Record.

CLERK: 25 ayes, 0 nays on adoption of Senator Warner's amendment, Mr. President.

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

CLERK: Mr. President, Senator Vickers now moves to amend the bill by striking subsections (2) and (3) of section 2.

SPEAKER MARVEL: Senator Vickers.

SENATOR VICKERS: Mr. Chairman and members, I believe this amendment meets with Senator Schmit's approval also but I will let him say, speak on that issue himself. But it seems to me that some of the intent language in LB 384 we should be a little more careful about putting in the statutes. Subsection (2) and (3) of section 2 talks about unemployment and the weaknesses that, economic weaknesses that contribute to unemployment. It also talks about the pressure on the state welfare, public health and crime prevention programs and so forth. I am not sure that additional funds available to agriculture will really prevent these sorts of things and I am not sure it is a good idea for us to put it in the statutes that we believe that it will. As a matter of fact, it seems to me that the least funds that we have in agriculture, sometimes those of us that are in agriculture have to work that much harder. Maybe we can not hire as much help but on the other hand we might have to hire more help if we can't buy the modern labor saving equipment that we would be able to if we had an adequate amount of capital. But again, it just seems to me that perhaps we should not be putting this type of

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LB 384, 466

language in the intent language in the statutes and would urge the body's adoption of this amendment.

SPEAKER MARVEL: Senator Schmit.

SENATOR SCHMIT: Mr. President, members of the Legislature, I have discussed the amendment with Senator Vickers. The language was perhaps a little flowery in that original draft and I have no objection to it. It is along the line of some of Senator Warner's objections to some of the language that he deleted and so I would ask for the adoption of the amendment.

SPEAKER MARVEL: The motion is the adoption of the Vickers amendment as explained. All those in favor vote aye, opposed vote no. Have you all voted? We are voting on the Vickers amendment to the bill. Record.

CLERK: 26 ayes, 0 nays, Mr. President, on the motion to adopt the Vickers amendment.

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

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

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

SENATOR SCHMIT: I move the bill be advanced to E & R final, Mr. President.

SPEAKER MARVEL: All those in favor of that motion vote aye, opposed no. This is to advance the bill. Record.

CLERK: 25 ayes, 4 nays on the motion to advance the bill, Mr. President.

SPEAKER MARVEL: The motion is carried. The bill is advanced. It is my privilege to introduce two groups, one from Howard Peterson's district, 43 students from the Lincoln School, Grand Island, Nebraska, Mrs. Engelhaupt the teacher, in the North balcony. Will you hold up your hands so we can see where you are. Welcome to the Unicameral. From Senator Hoagland's district, 25 students from Brownell-Talbot, Omaha, Nebraska, Hazel Wait and Loretta Reinig, teachers, and they are in the North balcony. Will you hold up your hands so we can see. Okay. On 466 there is a request. Senator Labedz, why don't you make the request and then we can proceed.

SENATOR LABEDZ: Thank you, Mr. Speaker, I request for unanimous consent to pass over 466 for at least two or three bills

April 30, 1981

LR 62, 65
LB 35, 213, 257, 284,
384, 404

PRESIDENT LUEDTKE PRESIDING

REVEREND ELIZABETH BEAMS: (Prayer offered.)

PRESIDENT: Roll call. While we are waiting for you to register your presence, the Chair would like to introduce from Senator Dworak's District 19 seventh and eighth grade students and ten adults from District 84, Platte County, Platte Center, Nebraska, Mrs. Esther Mohnsen, teacher. They are up here in the North balcony. Would you welcome the seventh and eighth graders from Platte Center. Welcome to your Legislature. Would all of you who are here register your presence so we can start the day, please? 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: I have no corrections, Mr. President.

PRESIDENT: All right, the Journal will stand as published. Any messages, reports or announcements.

CLERK: Mr. President, your committee on Enrollment and Review respectfully reports they have carefully examined and reviewed LB 404 and recommend that same be placed on Select File with amendments; LB 213 Select file with amendments. (Signed) Senator Kilgarin, Chair.

Mr. President, your committee on Enrollment and Review respectfully reports they have carefully examined and engrossed LB 35 and find the same correctly engrossed; 257 correctly engrossed; 284 correctly reengrossed; 384 correctly engrossed. (Signed) Senator Kilgarin, Chair.

Mr. President, I have leases supplied to us from the Department of Administrative Services, State Building Division, pursuant to statutory provision. They will be on file in my office.

And finally, Mr. President, LR 62 and 65 are ready for your signature.

PRESIDENT: While the Legislature is in session and capable of doing business, I propose to sign and I do sign LR 62 and LR 65. We are ready then for agenda item #4 on gubernatorial appointments, ready for the first committee, Miscellaneous Subjects, and as I understand, Senator Barrett, you

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LB 284, 284A, 384

amendment is somewhat like that offered by Senator Newell about a week ago or so, I will withdraw it in the spirit of good faith and compromise.

SPEAKER MARVEL: No objection, so ordered. Okay, Mr. Clerk.

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

SPEAKER MARVEL: Will you all return to your seats as rapidly as you can and the Clerk will begin to read the bill on Final Reading.

CLERK: (Read LB 284 on Final Reading.)

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

CLERK: (Read record vote as found on pages 1749-1750 of the Legislative Journal.) 34 ayes, 11 nays, 2 excused and not voting, 2 present and not voting, Mr. President.

SPEAKER MARVEL: The bill is declared passed with the emergency clause attached. Okay, the Clerk will read on Final Reading, 284A with the emergency clause.

CLERK: (Read LB 284A on Final Reading.)

SPEAKER MARVEL: All provisions of law having been complied with, the question is, shall the bill pass with the emergency clause attached. Those in favor vote aye, opposed vote no, LB 284A, emergency clause attached.

CLERK: (Read record vote as found on page 1750 of the Legislative Journal.) 36 ayes, 9 nays, 2 excused and not voting, 2 present and not voting, Mr. President.

SPEAKER MARVEL: The bill is declared passed with the emergency clause attached. Motion on the desk.

CLERK: Mr. President, LB 384, Senator Wesely moves to return LB 384 to Select for a specific amendment. The amendment reads as follows: (Read Wesely amendment as found on page 1751 of the Legislative Journal.)

SPEAKER MARVEL: Senator Wesely.

SENATOR WESELY: Mr. Speaker, members of the Legislature, this

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LB 384

motion to return is in conjunction with the discussions with Senator Schmit. On Select File as part of the package of amendments I placed on the bill, I included a ten year limit on the length of the bill on the loans and then asked that perhaps they be renegotiated. The whole point was this. Perhaps in that period of time I thought you could find, in fact, that these people were on their feet and did not perhaps need this assistance and thus, could find the assistance they needed through private enterprise and through private financing. That was, I thought, a good idea. I talked to some people. They felt it might help the bonds sell. It would keep the interest rates low because it would not be long term and there were a number of benefits, I thought, attached to that. However, Kutak Rock and Huie has done a lot of work in the bond field. They have found that this limitation would be difficult for them in operating the fund and felt that it should not be in there. I still believe that some sort of limitation would be wise but I am not sure which it should be. In other states they have had like a twenty-one year loan limit on land and about a ten or fifteen loan limit on equipment but the details of that have not been worked out and the ten year limit is just going a little bit too far so I felt it would be best to take that out of the bill at this time and so that is what the motion is. To return the bill and take out the ten year limit and return the bill to its original unlimited situation. Presently the bill does not have any limits on how long the loans would run. That would be left up to the fund to decide with this amendment.

SPEAKER MARVEL: Senator Schmit.

SENATOR SCHMIT: Mr. President, I appreciate Senator Wesely offering the motion. I support it and ask that you support it.

SPEAKER MARVEL: Senator Wesely, do you wish to close? Okay. The motion is to return the bill for a specific amendment as explained by Senator Wesely. All those in favor vote aye, opposed vote no. Have you all voted? Okay, record.

CLERK: 25 ayes, 1 nay, Mr. President, on the motion to return the bill.

SPEAKER MARVEL: The bill is returned. Now the motion is to adopt the... All those in favor of adopting the amendment to the bill vote aye, opposed vote no. Have you all voted? Record.

CLERK: 26 ayes, 3 nays, Mr. President, on the motion to adopt the amendment.

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LB 384, 284, 284A, 76

SPEAKER MARVEL: The motion is carried. The amendment is adopted. The motion now is the advancement of the bill. All those in favor of that motion say aye, opposed no. The motion is carried. The bill is advanced. The next bill...

CLERK: Mr. President, LB 284 and 284A are ready for your signature.

SPEAKER MARVEL: While the Legislature is capable of transacting business, I am about to sign and do sign reengrossed LB 284 and reengrossed LB 284A.

CLERK: Mr. President, I have two motions on LB 76. The first is...I'm sorry. I guess I have three and, Mr. President, the first is offered by Senator Chambers. Senator Chambers would move to return the bill to add the following amendment: In case of death, injury or property damage to any innocent third party as a result of action taken by an officer in conducting a high-speed....(interruption.)

SENATOR CHAMBERS: (Mike not on.) ...amendment.

SPEAKER MARVEL: Hearing no objection, so ordered.

CLERK: Mr. President, the next one I have is offered by Senator Chambers, to return the bill to strike the enacting clause.

SPEAKER MARVEL: Senator Chambers.

SENATOR CHAMBERS: Mr. Chairman, that amendment I do want to take up. I doubt that the votes are here for me to put the amendment on this bill that would protect innocent third parties who are hurt or killed as a result of high-speed chases. There just is not enough concern in the Legislature for the victims. So I withdrew the amendment attempting to add that to the bill. I had another amendment which was defeated in the past which would have placed certain restrictions on when chases would occur and when they ought to be terminated, primarily related to trivial offenses or traffic violations but now after reviewing the bill, the blue copy, I have found some serious problems as I read the bill. I am saying what I say for the record because somebody may be prosecuted under this piece of legislation and I think the record should be clear that on the floor of the Legislature, the issue was raised as to the possible unconstitutionality of provisions in this bill. I would want to call your attention to a case that was decided by the State Supreme Court in 1967 which invalidated another high-speed chase bill because of unconstitutional vagueness. I

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 18, 1981

LB 129, 529, 381, 384

Reading for today.

CLERK: Mr. President, while we are waiting I have amendments from Senator Wesely to LB 129 to be printed in the Journal.

PRESIDENT: While we are also waiting, Senator Beyer has four students from Political Behavior Class at Papillion High School, Rick Cogruue, Rus Koski, Jim Wiedelhouse and Jeff Valenta. Would they all stand up over there and be recognized. Welcome to your Unicameral Legislature.

CLERK: Mr. President, Senator Chronister would like to print amendments to LB 529.

PRESIDENT: I believe we are ready Mr. Clerk. We will start with LB 381.

CLERK: Read LB 381 on Final Reading.

PRESIDENT: All provisions of law relative to procedure having been complied with, the question is, shall LB 381 pass with the emergency clause attached. All those in favor vote aye, opposed nay. Record the vote.

CLERK: 48 ayes, 0 nays, 1 excused and not voting. Vote appears on pages 2064-65 of the Legislative Journal.

PRESIDENT: LB 381 passes with the emergency clause attached. The next bill on Final Reading, LB 384.

ASSISTANT CLERK: Read LB 384 on Final Reading.

PRESIDENT: All provisions of law relative to procedure having been complied with, the question is, shall LB 384 pass. All those in favor vote aye, opposed nay. The board is open on LB 384. Record the vote.

ASSISTANT CLERK: 31 ayes, 16 nays, 2 present and not voting. Vote appears on page 2065 of the Legislative Journal.

PRESIDENT: LB 384 passes. Before we get to the next bill I have been asked to make an announcement that there is a blue Triumph automobile parked on H Street with the lights on, license number, 2-V2207, if it belongs to anyone, if you know anyone, you had better get there before the battery is worn out. Also, we will

May 18, 1981

LB 11, 11A, 113, 113A, 228, 266,
266A, 296, 296A, 310, 328,
328A, 334, 334A, 369, 381, 384,
441, 463, 470, 501, 543, 545

RECESS

SPEAKER MARVEL PRESIDING

SPEAKER MARVEL: In the North balcony, the Legislature welcomes from Senator Newell's District 5 students from St. Paul Lutheran, Omaha, Nebraska, Richard Ulmer, the teacher. Are you up in the North balcony? If you are, hold up your hand so we can see where you are. Welcome to the Unicameral. Then underneath the South balcony as guests of Senator Shirley Marsh we welcome Mrs. Marie Salverda from Sidney, Australia and Anne Johnson from Lincoln. Will you step out and say "hello"? Okay, record.

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

Mr. President, I have communications from the Governor addressed to the Clerk. (Read. See pages 2074 and 2075, Legislative Journal. Re: LB 463. LB 11, 11A, 228, 266, 266A, 296, 296A, 310, 328, 328A, 334, 334A, 369, 113 and 113A.)

SPEAKER MARVEL: The Clerk will read on Final Reading LB 545.

ASSISTANT CLERK: (Read LB 545 on Final Reading.)

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

CLERK: (Record vote read. See page 2076, Legislative Journal.) 48 ayes, 0 nays, 1 present and not voting, Mr. President.

SPEAKER MARVEL: The bill is declared passed on Final Reading. While the Legislature is in session and capable of transacting business, I am about to sign and do sign engrossed LB 545, LB 381, LB 384, LB 441, LB 470, LB 501, LB 543. Now if I could have your attention for a moment and refer you to the agenda, what we propose to do is first of all go to item #5 on motions which has to do with consideration of the override and we propose to...in order to begin to catch up in some of the areas, especially if you look now on the agenda you will find the General File priorities that are left, and so we propose first of all to work until five o'clock and then, secondly, to start at eight o'clock tomorrow morning. Unless we begin to have a schedule like this, there are going to be a lot of bills that'll go down the drain. So we propose to work until five this evening and start work in the morning at

May 22, 1981

LR 188
LB 179, 181, 252, 273, 273A, 303, 322,
346, 376, 381, 384, 389, 441, 451, 470, 472A
485, 497, 501, 543, 512, 552, 545, 553, 554.

Senator DeCamp. All those in favor vote aye. All those opposed vote nay. It takes 30 votes.

CLERK: Senator Clark voting no.

SENATOR CLARK: Have you all voted? Once more, have you all voted? Senator DeCamp.

SENATOR DeCAMP: How many are excused? Eleven?

SENATOR CLARK: Two.

SENATOR DeCAMP: Two? Okay, we still stand a shot, so I would ask for a Call of the House and take call in votes if that would be okay. But I would ask for a Call of the House first.

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

CLERK: 19 ayes, 3 nays to go under Call, Mr. President.

SENATOR CLARK: The House is under Call. All Senators will return to their seats, and if all Senators will check in, please. The Clerk would like to read some things while we are trying to get everyone registered in here.

CLERK: Mr. President, while we are recording our presence, I have a communique from the Governor addressed to the Clerk. Engrossed LBs 181, 252, 303, 381, 441, 451, 470, 485, 497, 543, 179, 346 and 384, 273, 273A, 501 and 545 were signed by me May 22 and delivered to the Secretary of State. Sincerely, Charles Thone, Governor.

Mr. President, I have an Attorney General's Opinion addressed to Senator Barrett on 376; one to Senator Hefner on 552. (See pages 2228 through 2233 of the Journal.)

Your Committee on Enrollment and Review respectfully reports they have carefully examined 406 and recommend that the same be placed on Select File with amendments; 551 Select File; 552, 553, 554 all on Select File with amendments. (See pages 2233 through 2234 of the Journal.)

Your Committee on Enrollment and Review respectfully reports they have carefully examined and engrossed LB 322 and find the same correctly engrossed; 376, 389 and 512 all correctly engrossed.

Mr. President, new resolution, LR 188 by Senator Wagner.