

January 20, 1981

LR 6, 7
LB 490 - 529, 144, 182

SENATOR BURROWS: I move the adoption of the resolution as amended.

SPEAKER MARVEL: Any further discussion on that motion? All those in favor of that motion vote aye, opposed vote no. Have you all voted? Record the vote.

CLERK: 42 ayes, 1 nay on adoption of the resolution, Mr. President.

SPEAKER MARVEL: The motion is carried and the amendment is adopted. Members of the Legislature, it is my privilege to introduce to you a young lady who with her staff has put out at least 869 separate bills and I would like to have her stand, and if it is your will to acknowledge the work that is done. The Clerk will read.

CLERK: Mr. President, new bills: (Read title to LB 490 through LB 517, pages 305 - 311, Legislative, Journal.)

Mr. President, while we are waiting, new resolution, LR 7: (Read. See pages 212 and 213, Legislative Journal.) That will be laid over.

Mr. President, hearing notice is provided by the Business and Labor Committee for February 4.

Mr. President, Senator Labedz offers explanation of vote.

Mr. President, new bills: (Read title to LB 518 through LB 526, pages 314 - 316, Legislative Journal.)

Mr. President, Senator Burrows would like unanimous consent to have his name added to LB 144 as coinroducer.

SPEAKER MARVEL: Hearing no objection, so ordered. One last call, does anybody have any legislation that is buried someplace that you would like to dig up? Now is your chance. Last call for any legislation.

CLERK: Mr. President. (Read title to LB 527 and 528, pages 316 and 317, Legislative Journal.)

Mr. President, Senator Kremer would like to ask unanimous consent to have his name added to LB 182 as coinroducer.

SPEAKER MARVEL: Hearing no objection, so ordered.

CLERK: Mr. President: (Read title to LB 529, page 317, Legislative Journal.)

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LB 345, 500

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

SENATOR RUMERY: Mr. President and members of the Legislature, I would like to ask Senator Nichol a question.

SPEAKER MARVEL: Senator Nichol, do you yield?

SENATOR RUMERY: How does this bill differ from the one that Senator Schmit carried through the Legislature a couple of years ago?

SENATOR NICHOL: Not too much, except that it adds non-welfare recipients and nonwelfare people, which....and they have been doing this incidently inasmuch as the... we will just take the father's paying the child support and the mother receiving it for the children, and this has been being run through the district court so that the mother gets her payment automatically at the time it is due. Now if the father is in arrears in his payments, then the county attorney goes after him to get it. Now, I think I have no objection to working with Senator Johnson in providing support for the father if he needs it. However, that was not in the bill and is not. But in answer to your question, it doesn't change anything that Senator Schmit had with the exception that it does include nonwelfare recipients.

SENATOR RUMERY: Thank you.

SPEAKER MARVEL: Senator Nichol, are you ready to close on 345?

SENATOR NICHOL: I move for the advancement of LB 345, and if Senator Johnson should need amending it between now and then, I will be happy to work with him.

SPEAKER MARVEL: All those in favor of advancing the bill vote aye, opposed vote no. Record the vote.

CLERK: 32 ayes, 0 nays, Mr. President, on the motion to advance the bill.

SPEAKER MARVEL: The motion is carried. The bill is advanced. Do you have some items to read in?

CLERK: Mr. President, your Committee on Banking, Commerce and Insurance whose Chairman is Senator DeCamp to whom was referred LB 500 instructs me to report the same back to the Legislature with the recommendation it be advanced

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LB 74, 56, 269, 407,
489, 500

permit fee money that we collect from others but they do have the opportunity to go to these parks without any charge. They can go to their city parks. Of course, I know there is a swimming fee if there is a swimming pool but, anyway, the City of Lincoln and the City of Omaha obtain their funds from the general fund. There is no possible way that we can get \$4 million from our general fund to pay for our park system. So for the present time and until we do find the money, as Senator DeCamp says, to give the people of the State of Nebraska the opportunity to come and go as they please and yet find the clean and all the equipment in the state parks that we have today, then we are just going to have to charge a fee and hopefully someday we can do what Senator DeCamp and Senator Chambers mentioned, get the money from other sources to keep up the park system and I urge the members of this Legislature to advance LB 74 from General File. Thank you.

PRESIDENT: The question before the House is the advance of LB 74 to E & R Initial. All those in favor vote aye, opposed nay. Record the vote.

CLERK: 28 ayes, 6 nays, Mr. President, on the motion to advance the bill.

PRESIDENT: Motion carries and LB 74 is advanced to E & R Initial.

CLERK: Mr. President, may I read a few things?

PRESIDENT: Yes, you may read some matters in.

CLERK: Mr. President, first of all, Senator Von Minden would like unanimous consent to add his name to LB 269 as co-introducer.

PRESIDENT: Any objection? If not, so ordered.

CLERK: Mr. President, Attorney General opinions addressed, one to Senator Lowell Johnson regarding LB 489; the second addressed to Senator Kahle regarding LB 407.

Mr. President, your committee on Public Works whose Chairman is Senator Kremer reports LB 56 to General File with committee amendments attached.

PRESIDENT: Ready then for the second bill on General File, LB 500. Mr. Clerk, you may read.

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LB 500

CLERK: Mr. President, LB 500 was a bill introduced by Senator John DeCamp and Senator Chris Beutler. (Read title.) The bill was first read on January 20. It was referred to the Banking, Commerce and Insurance Committee. The bill was advanced to General File. I have no amendments on the bill, Mr. President.

PRESIDENT: The Chair recognizes Senator DeCamp.

SENATOR DeCAMP: Mr. President and members of the Legislature, this bill has been about five years in the making. It represents once again a compromise of an issue that in previous years has torn up the Legislature, and to the best of my knowledge, we now have a bill in its final form without any amendment whatsoever that is acceptable to the savings and loan industry which was split on this bill originally among themselves; which is acceptable to the banking industry which fought it to the death many times; which is endorsed and strongly supported by the Nebraska State Banking Department as exhibited by the letters on your desk. What the bill represents then is a compromise settlement of a system to convert existing savings and loans should they choose to stock owned savings and loans. As you probably know, every single savings and loan in the State of Nebraska is a mutually owned savings and loan. All banks, of course, are stock owned. This would simply convert or allow conversion under very specific and detailed and prescribed rules and regulations and procedures under the supervision of the Federal Home Loan Bank, et cetera, to a stock owned savings and loans. Reasons or arguments in favor of it; We think it will help maintain our dual system of S & Ls in this state, in other words, state owned S & Ls and federally chartered S & Ls. We believe there is a role and a reason to have a state system of savings and loans, and unless we set up some system like this, we believe very quickly we are going to completely lose all state chartered S & Ls. Additionally we believe that any member of the Legislature who has paid any attention to the savings and loan institutions and the industry across the country knows that they are under extreme pressure and any additional capital they can get from the private sector will strengthen the S & L and strengthen the security for the general public. We believe this will bring in capital. We believe it will allow S & Ls which would just be merged with, let's say, Commercial Federal or something, to exist as independent entities. We support the bill for that reason. I repeat one final time. It is a compromise settlement after two or three years of interim hearings. We believe the interest of the mutual individuals, in other words, all the borrowers and depositors, now is more adequately protected under this

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LB 500

system than it would be under the existing system. To the best of my knowledge, and I say to the best of my knowledge because I don't absolutely know everybody involved, the banking industry, the savings and loan industry, the Banking Department, the big S & Ls and the small S & Ls are in agreement that they can accept and do want this type of legislation. The only opposition I know of is, of course, as on every bill, my good friend Donnie Dworak.

SPEAKER MARVEL PRESIDING

SPEAKER MARVEL: Senator Dworak.

SENATOR DWORAK: Mr. President, colleagues, a question of Senator DeCamp. Senator DeCamp, if I heard you correctly, you indicated that this was needed by the state S & Ls as a competitive tool to help them in their competitive position with the federal S & Ls, is that correct, Senator DeCamp?

SPEAKER MARVEL: Senator DeCamp, do you yield?

SENATOR DeCAMP: I will certainly yield. I would say that my cosponsor of the bill, Senator Beutler, is intimately familiar with the subject. However, in specific answer to Senator Dworak's question, I think the question is answered in detail in the letter that was handed out from the State Banking Department and I would defer to that where he can read the specific language of the letter. Indeed, we do believe it strengthens the savings and loan industry.

SENATOR DWORAK: Senator DeCamp, you made the specific statement on the floor that this would help or enhance state S & Ls in their competitive position against federal S & Ls and I don't understand that and I would like you to be very specific on that statement. If you can't answer the question, I will ask Senator Beutler.

SENATOR DeCAMP: I don't think I specifically said that but I think Senator Beutler will address that particular issue if you like.

SPEAKER MARVEL: Senator Beutler, do you want to yield to Senator Dworak's question?

SENATOR BEUTLER: Senator Dworak, I am not sure...there are a lot of reasons for this bill and I feel very strongly that this bill (interruption).

SENATOR DWORAK: The question, Senator Beutler, is specifically,

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does it help state chartered S & Ls more or less than it helps federally chartered S & Ls? That specifically is the question.

SENATOR BEUTLER: My specific answer is that I am not sure on that particular point.

SENATOR DWORAK: Okay, thank you, Senator Beutler. I won't let you take up any more of my time then. Now this bill is a perennial bill that has been in here for the past six or seven years. In fact, they didn't even put a new blanket on this horse. They just trotted it out again and I kind of agree with Senator Beutler, there just aren't too many reasons for this bill. Specifically what we are doing is this is a very narrow special interest piece of legislation at the expense of the depositors in the savings and loans. Savings and loans now are mutual organizations. They are owned solely by the people that put their money in it, the average man on the street. Anybody in this legislative body that has an account in a savings and loan is a mutual owner. Now what we are trying to do is take that ownership away from those depositors, and if you will recall in the last account you opened in a savings and loan, they ask you to sign a proxy card because you, in fact, are the owner, and your proxy card gave somebody else the ability to make a decision for you through representation at that board meeting. Now if this bill passes and the savings and loans you happen to deposit money in then becomes a stock company, that proxy card will no longer be required because you are no longer the owner unless you decide to buy stock in that savings and loan institution. Now I don't have any argument with forming stock savings and loan. That is fine. But I do have an argument to changing the rules of those institutions that have been chartered and people do have money in those institutions now. And the proponents of this bill are going to tell you, "Well, we are going to send a notification around to them." Well, you know how effective that is. So I agree with Senator Beutler. There is no real justification or reason for this bill. There is no public benefit for this bill, and if a savings and loan organization needs to raise capital through the sale of its stock, so be it, but I think they ought to form from this day on and do that. I would support this concept. I have no argument with Senator DeCamp on a dual system may strengthen the savings and loan industry. That may, in fact, be true but then let's not change the rules of those savings and loans that are in existence today. I think you ought to look at this bill very closely. You know Senator Chambers was jumping up and down as a matter of principle on a 50¢ park entry fee. This has a lot more serious ramifications than that particular bill as far as

the consuming public is concerned.

SPEAKER MARVEL: Thirty seconds.

SENATOR DWORAK: So I urge you to look at this very carefully, weigh the arguments very carefully, look at the material very carefully, but I think the bottom line, the question you have to ask yourself is what does this do for the public? What does this do for the investors, the depositors, in the saving and loans? That is the question. They are not down here in the rotunda. They are the people you talk to when you go out and get that fifty percent plus one vote every fall.

SPEAKER MARVEL: Your time is up, Senator Dworak. Senator Beutler.

SENATOR BEUTLER: Mr. Speaker, members of the Legislature, contrary to what Senator Dworak is arguing, I think this is one of the rare opportunities that you have to inject a bit of competitiveness into an industry. You know, usually we have got bill after bill before us that asks us to in one way or another make an industry less competitive. What you have an opportunity to do today is to make an industry more competitive. Now I don't want to get into...I don't have any strong feelings about state versus federal S & Ls. That is not the point of this legislation. The point of the legislation is that the institutions, the financial institutions can be made more competitive by allowing savings and loans to take in capital so that the small ones don't have to merge into big ones. Everybody knows what is happening in this state. Merger after merger after merger is occurring in the savings and loan industry, and the reason that it is happening is that the only incentives for the directors and officers of that, the S & Ls is to merge. There is no other incentive to operate as a small company, that they have no ability to raise capital. Okay, let me back up a little bit and go over a few things that I think are important. First of all, if you would look at the letter from the Banking Department, and they have been promoting this for a couple of years now, you will see that this type of operation is allowed in 37 different states and they have never had a problem with it. So it is not like we are asking for something completely brand new and they also point out the problem with regard to merging, merging. Okay, let me go over for you just briefly what has to happen in order for there to be a merger. First of all, there has to be a two-thirds majority vote of the directors of the existing S & L. Then you have to go through a federal regulatory agency for approval. Then you have to go through the State Banking Department

for approval. They have to find that there is a substantial business benefit, that the conversion is fair and equitable, that the savers and the public are protected and that the conversion applies with all applicable federal regulations. After that, then the State Banking Department approves or disapproves. If they approve, if they approve, then the S & L has to submit a copy of a plan and a summary of the plan to all the shareholders and the shareholders have to, by a 51% majority, approve of the plan. Okay, and after it is approved, then it has to be submitted again to the federal and state regulatory agencies for a whole number of items. So there is an elaborate procedure set out for converting that protects the existing shareholders. Now let me describe for you what happens with the existing shareholders, and I think the first thing we have to ask ourselves is what do they get out of it now? If you are a saver in a savings and loan, what do you get out of it? You don't get any dividends out of it. They don't pay dividends. The only thing you get is the interest out of your savings account. Now the only other possibility of you getting anything out of a savings and loan association would be in the event that they would liquidate. Now they may or may not have enough assets to give you...to have some left over reserves to distribute to you in the event that they should liquidate but there is that possibility theoretically. What has happened in practice? What is the likelihood of liquidation? Zero. There has never been according to the officials in the industry, there has never been a liquidation of a savings and loan in the State of Nebraska. Merger is the name of the game and that doesn't help the savers one bit. The reason that there is no liquidation is because basically the economic cost of liquidating, the price you would have to offer to someone who would be willing to buy your mortgage portfolios would have to be discounted so much that it wouldn't be worthwhile to the savers. The savers would have to take a loss. So there is not going to be liquidation. There is going to be merger. Let me throw this at you also. If you liquidated and if you gave all of the reserves to the present savers, you would be, in fact, unjustly enriching them in this sense. For example, let's say that a saver had an account from 1946 to 1956. For a ten year period, the reserves that were built up during that ten year period would accrue to him, not to any of the present savers. So if you distributed that portion of the reserves that built up and were apportionable to that person, you would be unjustly enriching the present savers. Okay, let me get to the most important point, the most important point of all. LB 500 provides for a liquidation account and the purpose of a liquidation account is to protect the present savers, and basically what the law says is this, an amount equal to

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the present reserves, that is, if an S & L was liquidated today, what would be distributed? An amount equal to what would be distributed will be set aside in a liquidation account.

SPEAKER MARVEL: You have thirty seconds.

SENATOR BEUTLER: And in the event that after the merger the new S & L should liquidate, then the old savers would have a right to a prorated share, first right to a prorated share of that liquidation account. In other words, we preserve for them the same right that they have existing right now. We preserve that for them in the event that there should be a liquidation after merger. I would also mention that the savers have the first right to buy stock, they have the right to buy a prorata share of the stock and that is guaranteed. In addition to that, to be sure that the directors do not unreasonably profit from this by taking over the S & L, they are limited to a five percent share.

SPEAKER MARVEL: Your time is up.

SENATOR BEUTLER: So there are numerous, numerous built in protections in this bill and I think Senator Dworak's misgivings are just that, misgivings. Thank you.

SPEAKER MARVEL: Senator Landis.

SENATOR LANDIS: Mr. Speaker, members of the Legislature, I rise to speak in favor of LB 500. I serve on the committee that heard the bill. I also had a chance to talk to members of the financial community who have an interest in the bill. I particularly queried them as to the guarantees that exist for depositors, for investors at that time in which a conversion is made. I was satisfied completely that their interests were more than adequately protected by LB 500, and because those protections and guarantees are made, I can support LB 500. I believe the net effect will be to keep state chartered S & Ls local in nature and keep them healthy, keep them close to the community and not swallowed up by larger and larger financial interests, and I think that is probably a value to have a wide range of commercial interests in the financial community that vary in size, that vary in their locale, their responsibility to the kinds of people that they support, the kinds of people that they do business with, and the greater breadth, the more opportunity for competition that exists, the better we will all be, and for that reason I intend to support LB 500.

SPEAKER MARVEL: Senator Dworak, you light is on. Do you

wish to be recognized?

SENATOR DWORAK: Mr. Speaker and colleagues, I feel the wheel is greased and that opposition to this bill becomes an exercise in futility but I guess I have been down that path before and my conscience dictates that to speak out against a bill that benefits so few at the expense of so many. Very interesting arguments Senator Beutler presented. The reason for this bill is because the savings and loan organizations need to attract capital. We all know what attracts capital. Money attracts capital. Capital is attracted in this area because of the promise of high earnings, high profits and high dividends. Where is that money going now in a mutual savings and loan? It benefits the depositors, anybody that puts in an account. But now we are going to create a situation where if you have amounts of capital to plow into savings and loan as a stockholder, a stock savings and loan, then there has to be rewards to attract that kind of capital. Argument #1. Argument #2. Mergers. Senator Beutler indicated that the problem in the savings and loan industry today is the mergers and then he listed that long list of criteria necessary before a savings and loan can merger. What does this bill do to impede that? I don't see where that criteria has been enhanced one bit. This bill does nothing as far as mergers are concerned. And now we come up with this device that satisfied Senator Landis, the liquidation account. The depositors now, if the savings and loan liquidates, share equally in that reserve. We don't have now to create some kind of false liquidation account for protection to solve our consciences. So again I think we have to go back to Senator Beutler's original statement, you know, what does this bill really do? They are trying to cloak it in the words of "capital attraction", under the clothing of restriction of mergers, and liquidation guarantees which absolutely isn't the intent of this bill. The intent of this bill, quite specifically is that some few savings and loan officers want to gain the control, want to gain the conduit to earnings that they don't have right now. That is simply the intent of the bill, and if that is in fact the way you agree, so be it.

SPEAKER MARVEL: Senator DeCamp, do you wish to close or do you want to share that with Senator Beutler or how are we going to do it?

SENATOR DeCAMP: Senator Beutler and I have been getting along so well lately that I would love to share the closing with Senator Beutler.

SPEAKER MARVEL: Do you want to start the closing?

SENATOR DeCAMP: Yes, sir.

SPEAKER MARVEL: Okay, the Chair recognizes Senator DeCamp.

SENATOR DeCAMP: Mr. President, this is a major bill and it is a complicated bill and it is a heavy bill but I think it can be reduced to some very understandable terms. I am going to try and use a simple example and I think it will show how every question that Senator Dworak has raised is adequately addressed. Let's imagine that Marge Higgins lives in the town of Neligh and there is a little savings and loan there, whatever we want to call it, Antelope County Savings and Loan. Now you know what has been going on, don't you? They can't raise capital. They are in a bind. What do they do? They merge with Commercial Federal, State Federal, American Charter, the big national S & Ls. That is what is going to continue. This offers an alternative. This says, "Okay, Antelope County, you can convert into a stock savings and loan, have Bob Clark, Bernice Labedz, Johnnie DeCamp buy stock and put in capital, put in money." How does that benefit? Well first of all it means a state chartered savings and loan that would have gone out of existence and just been a part of the big massive Commercial Federal won't go with Commercial Federal, which by the way is one of the reasons the big S & Ls were originally opposing this legislation. It also means that the local community is going to be putting money into their S & L there and keeping it local and keeping the ownership, providing for the community so it benefits the consumer. It benefits the saver in that you have a stronger savings and loan now. They have additional capital backing up the whole system. So instead of somebody having to rely only on the existing assets, now the S & L has a back up of a lot of capital, the same way as a bank does, so it makes it stronger that way. Finally, it means, as I say, that we will keep our institution there locally instead of just having it merged out of existence, lost. It offers them an alternative rather than just going with the big national S & Ls. I urge you to adopt it, and, Senator Beutler.

SPEAKER MARVEL: Before we recognize Senator Beutler, underneath the South balcony, it is my privilege to present as guests of Senator and Mrs. Von Minden, Mr. & Mrs. Verlan Hingst, Mr. and Mrs. Ken Pettit, Mr. and Mrs. Richard Oleson and families. Will you please show us where you are so we may welcome you to the Unicameral? Senator Beutler, you are recognized to close.

SENATOR BEUTLER: Well, as the second half of the Johnnie and Chrissie show, I would like to make just one very

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short comment. Keep in mind that recently this year the S & Ls obtained considerable additional powers with regard to what were originally thought of as being banking functions. In short, what is happening is that the banking and the S & L industry are moving closer and closer together. The banking industry is, as you know, in the stock form completely now. The S & L industry is in the mutual form so we have two different types of organizations that as far as their functions are concerned are becoming the same type of organization and I suggest to you that in the future there will be long term benefits to developing a situation where everything is in the stock form structure that we know and that we understand and that has the kinds of incentives that we have seen work in this country for hundreds of years. So I would just leave you with that last comment and ask your support for the bill.

SPEAKER MARVEL: The motion before the House is the advancement of LB 500. All those in favor of advancing the bill vote aye, opposed vote no. Record the vote.

CLERK: 33 ayes, 1 nay, Mr. President, on the motion to advance the bill.

SPEAKER MARVEL: Okay, the motion is carried and the bill is advanced. Now the next bill is LB 425.

CLERK: Mr. President, LB 425 was introduced by Senator Don Dworak and Senator Bill Barrett. (Read title.) The bill was read on January 20. It was referred to the Banking, Commerce and Insurance Committee. The bill was advanced to General File. There are committee amendments pending, Mr. President.

SPEAKER MARVEL: Senator DeCamp.

SENATOR DeCAMP: Mr. President, we now switch from the Johnnie-Chrissie to the Donnie and Johnnie. This is a bill dealing with insurance brought to us by Senator Dworak. It sought to repeal certain sections of Nebraska insurance law. The committee accepted an amendment which essentially guts the bill. The gutting of the bill allows for reciprocity in countersignatures and I think that is all it does. I move the adoption of the amendment, and then if Senator Dworak wants to address technical explanations further, that is fine.

SPEAKER MARVEL: The motion is the adoption of the committee amendments. Senator Dworak, do you wish to talk to the committee amendments? Okay, all those in favor

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LB 9, 34, 50, 74, 89,
89A, 124, 174, 178,
194, 345, 425, 500

PRESIDENT LUEDTKE PRESIDING

PRESIDENT: I take great pleasure in introducing my own pastor, Pastor Harold Hamilton from First Lutheran here in Lincoln.

PASTOR HAROLD HAMILTON: (Prayer offered)

PRESIDENT: Roll call. Senator Marsh.

SENATOR MARSH: Mr. President, for all who are within my range of my voice, I would like to give notice that tomorrow I am going to ask for a recorded vote on those who are here by 9:05 a.m.

PRESIDENT: Thank you, Senator Marsh. Senator Nichol.

SENATOR NICHOL: Mr. President, I will make sure to be here tomorrow but I wonder if that is going to be an occurrence every day, Senator Marsh. I am sorry, she is talking. I was just curious about what the rule would be.

PRESIDENT: Have you all recorded your presence? It is now 9:05 a.m. Has everybody recorded your presence? Record the presence, Mr. Clerk.

CLERK: 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: The Journal will stand correct as published. Any messages, reports or announcements.

CLERK: Mr. President, your committee on Enrollment and Review respectfully reports that we have carefully examined LB 74 and recommend that same be placed on Select File with amendments; LB 500 Select File with amendments; LB 425 Select File with amendments; LB 194 Select File with amendments; LB 174 Select File with amendments; LB 89 Select File with amendments; LB 89A Select File with amendments; LB 50 Select File with amendments.

Mr. President, your Enrolling Clerk respectfully reports that she has presented to the Governor at 2:10 p.m. yesterday LBs 9, 34, 124, 178, and 345.

Mr. President, your committee on Enrollment and Review

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LB 72, 179, 376, 500, 269

Senator Chronister asks unanimous consent to add his name to LB 269 as cointroducer.

SPEAKER MARVEL: Hearing no objection, so ordered.

CLERK: Mr. President, Senator Vickers would like to print amendments to LB 72; Senator Dworak to LB 500; Senator Haberman to LB 376. (See pages 833-835 of the Legislative Journal.)

Your committee on Business and Labor gives notice of hearing for March 18 and Business and Labor gives notice of hearing on gubernatorial appointments for March 18 as well, Mr. President.

Mr. President, LB 179 was a bill introduced by the Revenue Committee and signed by its members. (Read title.) The bill was originally read on January 14. It was referred to the Revenue Committee for public hearing. The bill was advanced to General File. There are committee amendments by the Revenue Committee, Mr. President.

SPEAKER MARVEL: Senator Carsten.

SENATOR CARSTEN: Mr. President, members of the Legislature, I move for the adoption of the committee amendments. I guess I better talk to the committee amendments first. The first amendment was to delete Section 1 of the original bill and in our discussion it was felt that there was not sufficient evidence and information available in this particular section and decided that it would be best to just delete it. Section 2 is an additional section to harmonize a date with a related section in the bill and much of this bill is cleanup and it was brought to us by the Revenue Department that needed to harmonize and coordinate the whole procedures and these amendments, of course, contribute to that end. The third one allows an extension of time for good cause regarding certain dates for filing reports by railroads and car companies and the fourth amendment changes the dates for filing by car companies to April 15. Now these are amendments that are beneficial to the Department of Revenue in their operations to bring them into a more reliable and adequate operation. So I move for the adoption of these committee amendments and then I will take the bill section by section, Mr. President.

SPEAKER MARVEL: The motion is the adoption of the Revenue Committee amendments to LB 179. Senator Haberman. All those in favor of adoption of the committee amendments vote aye, opposed vote no.

CLERK: 25 ayes, 0 nays on the adoption of the committee amendments, Mr. President.

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LB 500

SENATOR BEUTLER: Mr. Speaker, I move the E & R amendments to LB 500.

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

CLERK: Mr. President, Senator Dworak now moves to amend the bill and the Dworak amendments are on page 835 of the Legislative Journal.

SPEAKER MARVEL: Senator Dworak.

SENATOR DWORAK: Mr. President and colleagues, we debated this bill on General File and I find it surprising that many members in this body voted against this concept for the past several years when the banking lobby opposed it for whatever reasons they opposed it. It is the same bill. It is the same concept. Now are you voting on issues as you see the issues or are you voting on issues as somebody out in the rotunda tells you to vote on the issues? This bill has been unable to advance for the last several years. Now all of a sudden there is not a red light on it. Now I can't understand that. The principles are the same. Now I think in the past if you voted against this particular measure you ought to have some darn good reasons as to why all of a sudden times have changed to the extent that you can now support it and as I look at that bill, there is nothing in that bill that indicates to me that there is any difference within this bill this year than it has been in the past several years. Now without those reasons you are admitting that you are voting issues, not on the content of the issues, but rather then on the strategies of some particular financial interest group that camps out in the rotunda. Now to address my amendment specifically, it is not a damaging amendment. Instead of 51% of the current depositors in the savings and loans agreeing to allow that savings and loan to change from a mutual to a stock organization would require 60% and I don't think that is a prohibitive amount, number one, and, number two, I don't think it is a unique new precedent. The second part of the amendment puts in the grandfather clause or a de novo type of approach. In fact, they can form new stock savings and loans from this day forward but any existing mutual savings and loan shall remain a mutual savings and loan so I urge the adoption of the amendment or with the adoption of the amendment I think we protect the existing shareholders, mutual shareholders, mutual depositors, if you will, in the existing savings and loans. We can comply with all the arguments that Senator Beutler so elegantly gave several days ago that if the savings and loan industry requires a new type of organization, if it is capital starved, this will allow it to attract capital through new institutions.

SPEAKER MARVEL: Senator Beutler, do you wish to speak to the Dworak amendment?

SENATOR BEUTLER: Mr. Speaker and members of the Legislature, I strongly oppose the Dworak amendment. It largely destroys the bill, it guts the bill, yes. Part of the main thrust of the bill was to do something to counter the merger movement in the S & L industry, to give the small companies a means of raising stocks so they weren't eaten up by the large companies. We have had merger after merger in recent years in the S & L industry as you are all aware and if you adopt this amendment which essentially precludes existing S & Ls from switching to a capital stock type organization, then the only thing that is going to happen is that the merger phenomena is going to continue and more and more small S & Ls are going to be eaten up. When you talk about converting existing S & Ls, converting to a stock company, really the questions that you should ask yourself are the same questions that I posed and tried to answer for you when we went through this whole thing on General File. What are the rights of existing savings account holders? Are those rights protected? Are there provisions in the bill that preclude individual directors or any one individual from taking large chunks of control? And the answer to all those questions is positive. Individual directors are limited to 5%. There are other federal requirements limiting their holdings. As far as existing account-holders are concerned we all know they never get any dividends anyway so there is no question about dividends. The only question that was raised was with regard to the rights should an S & L be liquidated and you may recall that we described in detail last time around a liquidation account that is set up specifically in the amount equal to the amount of savings accounts held by existing savers at the time of conversion and should after conversion the new S & L go under or liquidate, then that account, like an escrow account, is set aside there first to preserve the rights of the account-holders prior to the conversion. So I think we have answered all the questions and again, you know, don't miss the point of this. The point to a large extent is to counter the merger movement and that will not happen if Senator Dworak's amendment is adopted. With regard to the bill not flying for the last few years, we have lots of bills like that. In fact, we had one called the guest statute that just flew right by this year once the insurance industry came off of it and I don't know, maybe Senator Dworak would comment how he voted on that in past years and whether he voted in favor of it this year. That would be an interesting question to pose. Thank you.

SENATOR CLARK PRESIDING

SENATOR CLARK: Senator DeCamp.

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LB 500

SENATOR DeCAMP: Mr. President, just briefly, I oppose strongly the Dworak amendment. I think the more proper form for his amendment would be a kill motion on the bill because that is what he is trying to do. He raised a couple of questions. I want to address them quickly. Number one, banks opposed in the past, this year they are not opposing or at least they are neutral. If Donny remembers, since he is related or affiliated with the banking business, one of the biggest reasons for the opposition was because in the proposal originally offered S & Ls would have had NOW account opportunities. NOW account? Well as you well know as of January 1, 1981, they do not need to talk about it anymore, they have got it. The feds undid everything, new banking laws, completely changed it. That is why the opposition on that point is gone, because they have got it anyway. Donny mentioned that they can start new S & Ls. That is the whole problem. There are no new S & Ls being started. They can't be. They are economically unsound. All you have is merger going on and we want to prevent that to a degree and offer some other alternatives. We want to make it the same as banking in the sense of having people invest money and put money into the community in the form of capital. So the amendment just completely destroys the bill and I think if he is trying to, he should just offer a kill motion. I oppose the amendment.

SENATOR CLARK: Senator Hoagland. Do you want to call the question? The question has been called for. Do I see five hands? I do. The question before the House is to cease debate. All those in favor vote aye, opposed no. Senator Landis, for what purpose do you arise?

SENATOR LANDIS: Can I ask for a division of the question so we can vote on the issue of the 60% standard and then vote on the issue of the novo ruling that this will apply only in the future, because I can support one but not the other?

SENATOR CLARK: Senator Landis, will you come up and show us where you want this divided. We are still voting on ceasing debate. All those that haven't voted, please vote.

CLERK: Senator Clark voting aye.

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

CLERK: 27 ayes, 3 nays to cease debate, Mr. President.

SENATOR CLARK: Debate has ceased. We will proceed as soon as the division committee gets done. Senator Landis, the

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LB 500

question before the House, really before you, is that trying to divide the question after debate has ceased and we don't think you can do that. So, we will have Senator Dworak close.

SENATOR DWORAK: Mr. President, colleagues, I have a question of Senator Beutler.

SENATOR CLARK: Senator Beutler, will you respond?

SENATOR BEUTLER: Yes, sir.

SENATOR DWORAK: Senator Beutler, the amendment could be divided. Would you be agreeable to the 60% of existing shareholders to convert an existing mutual savings and loan to a stock savings and loan if I dropped the portion that... the de novo portion?

SENATOR BEUTLER: Yes.

SENATOR DWORAK: Mr. Speaker.

SENATOR CLARK: Yes.

SENATOR DWORAK: I would like to request the division of the question.

SENATOR CLARK: All right. The question is divided. How do you want to divide this question, the same way that Senator Landis did? Did you want to divide it the same way that Senator Landis wanted it divided?

SENATOR DWORAK: That is correct?

SENATOR CLARK: All right. Mr. Clerk...

SENATOR DWORAK: Now if Pat would tell us on what part of the question we are voting on first. Pat, could I just withdraw the second part? Could I ask for unanims consent to withdraw the de novo portion of the amendment? I think I can.

SENATOR CLARK: You can withdraw it as long as we know what we are voting on. Senator Haberman is getting a little nervous here. I have got to call on him for a minute.

SENATOR HABERMAN: A point of personal order here. Aren't we getting...didn't we vote to cease debate?

SENATOR CLARK: We voted to cease debate.

SENATOR HABERMAN: What are we doing now then?

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LB 500

SENATOR CLARK: It is his motion...

SENATOR HABERMAN: Well, how can he...?

SENATOR DWORAK: I am closing.

SENATOR CLARK: It is his motion. He is closing on it and he is asking to withdraw the latter half of the motion. It is his prerogative to do that. Mr. Clerk, do you want to say something?

SENATOR DWORAK: I ask for unanimous consent to withdraw the latter half of the amendment, the de novo portion of the amendment.

CLERK: Senator...

SENATOR DWORAK: Yes.

CLERK: ...withdraw portions three and four from the amendment. Is that what you are withdrawing?

SENATOR DWORAK: Yes.

CLERK: Thank you.

SENATOR CLARK: As long as we all know what we are voting on we will have him read it again.

SENATOR DWORAK: Okay, then I will finish my close. Pat.

CLERK: Yes, sir.

SENATOR DWORAK: I wish to withdraw parts one, three and four of the amendment. One is an insurance section. Two is the 60% section which I want left in. Three and four are the de novo sections.

CLERK: So you want to withdraw...

SENATOR DWORAK: Parts one, three and four.

CLERK: You want to consider only part two, Senator, is that right?

SENATOR DWORAK: Yes, sir.

CLERK: Okay.

SENATOR DWORAK: So if the Chair would rule on unanimous consent to withdraw parts one, three and four, I ask for unanimous consent.

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LB 500, 425

SENATOR CLARK: Unanimous consent has been asked for to withdraw parts one, three and four, leaving only section two. Is there any objection? If not, so ordered.

SENATOR DWORAK: Thank you. Now I wish to close on part two.

SENATOR CLARK: Go ahead and close on part two.

SENATOR DWORAK: Okay, very briefly, this was agreed upon by Senator DeCamp and Senator Beutler and the part that remains is that for an existing mutual savings and loan to convert to a stock savings and loan it would require a 60% of approval of the existing depositors. It is an agreed upon amendment. I urge its adoption.

SENATOR CLARK: You have all heard the motion. The question before the House is the adoption of the Dworak amendment. All those in favor vote aye, opposed no.

CLERK: Senator Clark voting aye.

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

CLERK: 27 ayes, 7 nays, Mr. President.

SENATOR CLARK: The amendment is adopted.

CLERK: I have nothing further on the bill.

SENATOR CLARK: Senator DeCamp. Senator Beutler.

SENATOR BEUTLER: Move the bill be advanced to E & R.

SENATOR CLARK: All those in favor of advancing LB 500 say aye, all those opposed no. The bill is advanced. LB 425.

CLERK: Mr. President, there are E & R amendments to LB 425.

SENATOR CLARK: Senator Beutler.

SENATOR BEUTLER: I move the E & R amendments to LB 425.

SENATOR CLARK: All those in favor of the E & R amendments on 425 say aye, all opposed no. The amendments are adopted. Senator Beutler.

SENATOR BEUTLER: Mr. Speaker, I move that LB 425 be advanced to E & R for engrossment.

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LB 50, 89, 89A, 194,
LB 500, 425, 475

SENATOR CLARK: All those in favor of advancing 425 say aye, all those opposed no. The bill is advanced. LB 194.

CLERK: There are E & Rs, Senator.

SENATOR BEUTLER: Mr. Speaker, I would move the E & R amendments to LB 194 be adopted.

SENATOR CLARK: All those in favor of the E & R amendments to LB 194 say aye, all those opposed no. The amendments are adopted. Senator Beutler.

SENATOR BEUTLER: No further amendments, Mr. Speaker?

CLERK: Nothing further, Senator.

SENATOR BEUTLER: I would move that LB 194 be advanced to E & R for engrossment.

SENATOR CLARK: All those in favor of advancing LB 194 say aye, all opposed. The bill is advanced. LB 89. Senator Beutler. Are there E & R amendments on this one?

CLERK: There are no E & R.

SENATOR BEUTLER: Mr. Speaker, I would move that LB 89 be advanced to E & R for engrossment.

SENATOR CLARK: The question is the advancement to E & R for LB 89. All those in favor say aye, all those opposed no. The bill is advanced. LB 89A.

SENATOR BEUTLER: Mr. Speaker, I would move that LB 89A be advanced to E & R for engrossment.

SENATOR CLARK: All those in favor of advancing LB 89A say aye, opposed no. The bill is advanced. LB 50.

CLERK: There are E & Rs, Senator.

SENATOR BEUTLER: Mr. Speaker, I would move that the E & R amendments to LB 50 be adopted.

SENATOR CLARK: The E & R amendments to LB 50, all those in favor say aye, all opposed nay. The amendments are adopted. Senator Beutler.

SENATOR BEUTLER: Mr. Speaker, I would move that LB 50 be advanced to E & R for engrossment.

SENATOR CLARK: All those in favor of LB 50 being advanced say aye, opposed no. The bill is advanced. LB 475.

March 16, 1981

LB 328, 477, 35, 112,
245, 206, 206A, 22, 50,
74, 89, 89A, 171, 194,
425, 475, 500, 550,

SPEAKER MARVEL: The motion is the adoption of the Beutler amendment to the committee amendment. All those in favor of the motion vote aye, opposed vote no. Have you all voted? Have you all voted? Shall the House go under Call, all in favor of that motion vote aye, opposed vote no.

CLERK: 13 ayes, 2 nays to go under call Mr. President.

SPEAKER MARVEL: The House is under Call. All Legislators should be in their seats. Record your presence. Unauthorized personnel please leave the floor. Senator Fenger, Senator Koch, Senator Cope, Senator Kilgarin, Senator Kremer, Senator Schmit, Senator Vard Johnson, Senator Sieck, Senator Landis, Senator Newell, Senator Chambers, Senator Pirsch. Do we have them all now? Senator Vard Johnson and Senator Sieck. Will all legislators please be in their seats before we start the roll call. Senator Beutler everybody is accounted except Senator Vard Johnson. He is across the street. This is a roll call vote on the Beutler amendment to the committee amendment. Are you all in your seats? Okay, call the roll.

CLERK: Roll call vote. 15 ayes, 28 nays, 1 present and not voting, 4 excused and not voting, and 1 absent and not voting. Vote appears on pages 940-941 of the Legislative Journal.

SPEAKER MARVEL: Motion lost. Do you have another item?

CLERK: Mr. President, I have certificates and letters accompanying certificates regarding the overrides of LB 206 and 206A. (See pages 941-42 of the Legislative Journal).

Your committee on Enrollment and Review respectively reports we have carefully examined LB 22 and find the same correctly engrossed, 50, 74, 89, 89A, 171, 194, 425, 475 and 500, all correctly engrossed. (Signed) Senator Kilgarin, Chair.

Your Enrolling Clerk has presented certain bills to the Governor on this day. (See page 943 of the Legislative Journal).

Have a reference report referring LB 550.

Government Committee will meet in Executive Session on Thursday at 1:30 in Room 1113.

Judiciary reports 328 to General File as amended and 477 to General File with amendment.

Public Works reports 35 to General File and LB 112 indefinitely postponed. (Signed) Senator Kremer, Chair.

March 24, 1981

LB 475, 17, 168, 253, 334A, 500

Senator Kahle, Senator Cullan. Okay, call the roll. What is the motion now?

CLERK: Mr. President, the motion is to return LB 475 to Select File for a specific amendment, that amendment being to strike all of Section 9 of the bill. (Read roll call vote as found on page 1102 of the Legislative Journal.) 6 ayes, 32 nays, Mr. President, on the motion to return.

SPEAKER MARVEL: The motion lost. What is the next order of business?

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

SPEAKER MARVEL: All provisions having been complied with, the question is, shall the bill pass. All those in favor vote aye, opposed no. It has the emergency clause. Record the vote.

CLERK: (Read record vote as found on page 1103 of the Legislative Journal.) 36 ayes, 4 nays, 9 excused and not voting, Mr. President.

SPEAKER MARVEL: The motion is carried. The bill is passed on Final Reading. LB 500, the Clerk will read.

ASSISTANT CLERK: (Read LB 500 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, opposed vote no. Record the vote.

ASSISTANT CLERK: (Read record vote as found on page 1103 of the Legislative Journal.) The vote is 36 ayes, 2 nays, 2 present and not voting, 9 excused and not voting, Mr. President.

SPEAKER MARVEL: The bill is declared passed on Final Reading. Now we will...Senator Sieck.

CLERK: Mr. President, if I may before, a few items to read in. LB 334A. (Read by title for the first time as found on page 1104 of the Journal.)

I have an Attorney General's opinion addressed to Senator Stoney regarding Section 7 of LB 17.

I have amendments to be printed in the Journal by Senator Carsten and Senator Hoagland, Senator Carsten's to LB 168 and Senator Hoagland's to LB 253.

March 25, 1981

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

SPEAKER MARVEL PRESIDING

SENATOR BEYER: (Prayer offered.)

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

CLERK: A quorum present, Mr. President.

SPEAKER MARVEL: Do you have items under #3?

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

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

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

Senator Wagner would like to be excused for the day.

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

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

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

SPEAKER MARVEL: Senator Lamb, this is your resolution.

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

March 25, 1981

LR 47
LB 190, 298, 50, 73, 104,
171, 194, 425, 475, 500

amendment to LB 190 as explained by Senator DeCamp.
All those in favor of that motion vote aye, opposed vote
no. Record the vote.

CLERK: 31 ayes, 0 nays on the adoption of Senator DeCamp's
amendment.

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

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

SPEAKER MARVEL: Senator DeCamp. The motion is to advance the
bill to E & R for Engrossment. All those in favor of the motion
to advance vote aye, opposed vote no. Have you all voted?
Record the vote.

CLERK: 35 ayes, 1 nay on the motion to advance the bill, Mr.
President.

SPEAKER MARVEL: The motion is carried the bill is advanced.
Before we proceed, underneath the North balcony it is my
privilege to introduce Miss Cindy Pace who is a teacher from
Millard and her friend from Ralston who is here under the
auspices of Senator Koch. Cindy, will you stand up so we can
welcome you to the Unicameral?

CLERK: Mr. President, I have a few matters to read in.
Revenue Committee is going to meet in executive session
upon adjournment today in Room 1520.

Your Enrolling Clerk respectfully reports that she has
presented to the Governor LB 73, 104, 50, 171, 194, 425, 475,
500.

I have a Reference Report referring LBs 551 through 555.

A new resolution by (Read LB 47. See pages 1126 and 1127,
Legislative Journal.) That will be laid over, Mr. President.

Mr. President, LB 298 was introduced by Senator Vard Johnson.
(Read title.) The bill was first read on January 19. It was
referred to the Urban Affairs Committee for public hearing.
The bill was advanced to General File. There are committee
amendments pending by the Urban Affairs Committee, Mr. Presi-
dent.

SPEAKER MARVEL: Senator Landis.

SENATOR LANDIS: Mr. Speaker and members of the Legislature,
the committee amendments narrow the impact of the bill and
indicate that, first, the City of Lincoln is exempt and,

March 26, 1981

LB 50, 73, 138, 194,
292, 425, 475, 500.

two o'clock on Friday instead of four or five o'clock. If you have any questions on this, you can check with the Clerk's office, or you can check with our office. Now does anybody have any.....Senator Kahle.

SENATOR KAHLE: Mr. Speaker, really no comment on what you just said but I wonder if we wouldn't be ahead if you scheduled some of the real heavy bills on Friday and Friday afternoon instead of the consent calendar. Maybe people would stay here. In the going on five years now that I have been here, I have never left on a Thursday or a Friday when we were in session, and I resent the fact that many of you do leave for the last day no matter when it is, and I just really feel that you are not being very responsible and perhaps if we would handle some of those real tough bills on Friday, you would stick around. Thank you.

SPEAKER MARVEL: I think that we, Senator Kahle, in answer to your question.....well, we are going to adjourn. Okay, Senator Howard Peterson, would you adjourn us until nine o'clock....I'm sorry, Pat, go ahead.

CLERK: Excuse me. Mr. President, a communication from the Governor to the Clerk. (Read communication regarding LBs 50, 73, 194, 425, 475, 500.)

I have a....your Committee on Business and Labor reports regarding gubernatorial appointment. (See page 1156 of the Legislative Journal.)

Senator Vickers would like to print amendments to 138. (See pages 1156 and 1157 of the Journal.) And Senator Kilgarin asks unanimous consent to add her name to LB 292 as co-introducer.

SPEAKER MARVEL: Senator Peterson, would you adjourn us until nine o'clock tomorrow morning. I am sorry. Senator Kremer.

SENATOR KREMER: Mr. Chairman, I would like to remind the Public Works Committee for a very short meeting below the north balcony immediately upon adjournment.

SPEAKER MARVEL: Today?

SENATOR KREMER: Yes.

SPEAKER MARVEL: Okay.

SENATOR H. PETERSON: Mr. Speaker, I would move we adjourn