

October 30, 1981

LB 1, 2, 3, 4, 5, 6,
7, 8

PRESIDENT: The committee will escort the Governor out of the chamber. We are ready then for agenda item #8, introduction of new bills, Mr. Clerk.

CLERK: Mr. President, new bills. LB 1 offered by Senator David Newell. (Read title to LB 1 as found on page 19 of the Legislative Journal.) LB 2 offered by Senators Newell, Landis, Wiitala, Burrows and Fowler. (Read title to LB 2 as found on page 19 of the Legislative Journal.) LB 3 by Senator Fowler. (Read title.) LB 4 offered by Senator Fowler. (Read title.) LB 5 offered by Senator Fowler. (Read title.) LB 6 offered by Senator Fowler. (Read title.) LB 7 offered by the Speaker at the request of the Governor. (Read title.) And finally, Mr. President, LB 8 offered by the Speaker at the request of the Governor. (Read title.) (See pages 19 and 20 of the Legislative Journal.)

PRESIDENT: These bills...the two bills that have been read for introduction and all bills that are introduced that have been read into the record are going to the Reference Committee. And the Reference Committee and Senator Howard Lamb, Chairman of the Legislative Council Exec Board, has asked me to announce that the committee will meet in Room 1517, 1517, immediately. So, Senator Lamb, you are ready to take off for Room 1517. All members of the Executive Board will meet with Senator Lamb. And, Speaker Marvel, I guess you want the Legislature to be at Ease at this point. I will call upon the Speaker for his comments.

SPEAKER MARVEL: Until the Reference Committee brings back the report, the Legislature will be at Ease.

PRESIDENT: All right. So the Legislature is at Ease until the committee returns.

EASE

PRESIDENT: The Legislature will come back to order. We would like to announce that any committees that would like to hold hearings on gubernatorial appointments would please set the date for those hearings and if possible get them on the desk yet before we adjourn this afternoon. As I understand it, those are all out on the desk, are they not, Mr. Clerk, they are on....they have been advised. So if we could get any of them as soon as possible set for hearings, the gubernatorial appointments, the chairpersons should do that. All right, Mr. Clerk, do you have some matters to read in and then we will proceed with the report of the committee.

CLERK: Mr. President, some items that have accumulated over

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LB 7, 8, 204, 412

the interim period. I have appointment letters from the Governor....a series of appointment letters from the Governor appointing certain officials to certain state agencies. Those, of course, will be referred to the Reference Committee. (See pages 21 through 30 of the Legislative Journal.)

Mr. President, in addition to that I have several Attorney General's Opinions. One addressed to Senator Beutler, one to Senator Wagner regarding 204, one to Senator Warner regarding LB 412, one to Senator Beyer and one to Senator Wagner, and another to Senator Hefner. (See pages 30 through 39 of the Legislative Journal.)

Mr. President, I have a Reference Report referring certain gubernatorial appointments to the appropriate standing committees. I have a Reference Report referring LBs 7 and 8. (See page 41 of the Legislative Journal.)

Mr. President, I have a statement from the Appropriations Committee regarding their scheduling of public hearings for Monday and Tuesday of next week in Room 1517 of the State Capitol Building. (See pages 40 and 41 of the Legislative Journal.)

Mr. President, I have a notice of hearing from Public Health and Welfare Committee on a gubernatorial appointment. (See page 42 of the Legislative Journal.)

PRESIDENT: All right, there is a motion on the desk.

CLERK: Mr. President, Senator Wesely has moved to rerefer LB 7 from the Judiciary Committee to the Public Health and Welfare Committee.

PRESIDENT: The Chair recognizes Senator Wesely.

SENATOR WESELY: Thank you. Mr. President and members of the Legislature, LB 7, although none of us have had a chance to look at it, deals with the question of the expansion on the call for a special session dealing with ADC and with the other welfare changes that we have to make to comply with federal statutes. Now we have been dealing in the Public Health and Welfare Committee with this issue now for as long as that committee has been in existence and we have been working closely on the block grants question and we have been involved in this area, yet the Reference Committee has taken it upon themselves to refer this bill to the Judiciary Committee which makes no sense at all in my mind. I don't understand why there was any reason to do that. I don't

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LB 8

PRESIDENT LUEDTKE PRESIDING

PRESIDENT: Prayer by Dr. Palmer.

DR. PALMER: (Prayer offered.)

PRESIDENT: Roll call. The Board is still open for showing your presence. While we are waiting for the members to all show their presence, indicate their presence, the Chair takes pleasure in introducing some guests of Senator Wagner from Burwell, Ruth and Everett Lech. They are under the South balcony. Would Ruth and Everett stand up and be recognized. Welcome to your Legislature. Everybody record your presence. Record the presence, Mr. Clerk.

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

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

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

PRESIDENT: Any messages, reports or announcements?

CLERK: Two items, Mr. President. I have a report of registered lobbyists that have registered since June 5 through November 3 of this year.

Mr. President, I have an Attorney General's opinion addressed to Senator Wesely regarding legislative rule on limiting consideration of bills during this special session. All those items will be inserted in the Legislative Journal.

PRESIDENT: We are ready then for General File, General File consideration of LB 8. The Clerk will read the bill.

CLERK: Mr. President, LB 8 (title read). Mr. President, the bill was first read on October 30 of this year. At that time it was referred directly to General File.

PRESIDENT: I believe, Senator DeCamp, you were going to discuss the matter or present the bill. The Chair recognizes Senator DeCamp.

SENATOR DeCAMP: Mr. President, members of the Legislature, I move the bill be advanced to Select File. Mr. President, last Friday this Legislature made a very significant decision on a 28 to 20 vote and the key issue was what does this session do and what is it all about. With that 28

to 20 vote the Legislature decided that we were going to make it a very black and white issue and that black and white issue is do you have a tax increase which will occur if the Legislature does nothing or do you follow the proposal by the Governor, essentially follow it, and thereby prevent a tax increase, at least according to the assurances of the Governor. We are back today to make that decision one way or another and I would just urge the body that it is that simple and that black and white. We are not as individuals probably in the best position to know what all the facts are, what all the information is. Only one man in this state is in that position and that is the Governor of the State who does have his experts, who does have the information, who has access to it on a more complete and total basis than any of us and it is under the Constitution that the Governor using authority given only to him has called us in here, given us a specific proposal, and give us specific assurances and promises as to what that proposal will do for us and for the state. I believe we are in the position of the individual who has to take the word and the assurances of the Governor at this point or discount them and make our decision on this bill, and certainly I can see there may need to be some minor tampering here but I think we should try to prevent any major tampering. There are at least ten or fifteen things in that bill that I disagree with personally. I don't like to see the vet school delayed and risked. I don't like to see some of the alcohol programs dismantled or destroyed or impaired. At the same time, as I say, if I start taking those parts out or any other member does, I think the whole thing comes apart and we are back in a confusion. It is my understanding that there is one other major proposal at least. The Appropriations Committee Chairman has an alternate proposal that would involve increasing the taxes, and as I say, I think that is what we are here for, black and white issue of whether we follow Plan A, the Governor's plan which at least theoretically is going to prevent a tax increase, or some alternate plan. I personally am going to be supporting the proposal offered by the Governor for the very reasons I stated, that the Legislature determine to narrow it to an up or down issue and hopefully the Governor will be right, hopefully there won't be tax increases next year, hopefully everything will go as he and his top experts project. I personally have strong reservations about the strength of the economy in this state and what is going to happen next year and I personally believe without all the experts' information, I personally believe that next year what we do here may be very moot and not that significant because I think things are going to happen to such a degree that we are going to have to take some very dramatic measures next

year, but at this time, those would be premature and my projections or guesstimates would be nothing more than that, projections or guesstimates, and the best evidence on the house now is what the Governor has offered and his suggestion that this will solve the problem and I am willing to ride in that boat until such time as the evidence develops otherwise and certainly we will know a lot more in January and February and March. So I would urge you to advance the bill. I think maybe the best thing we could do on an immediate basis is to take up the Warner proposal one way or another, vote it up or vote it down, get the information on that. I, for one, am going to, I repeat finally, oppose anything that results in a tax increase at this time. My traveling around the state recently to fifty or sixty communities made it super and abundantly clear to me that the Nebraska public at this time with the conditions and information that they have are violently opposed to any tax increase and let's be very frank and honest, it is a political issue in a sense and those that believe a tax increase is popular or going to be popular I think may be misjudging the mood of the public.

PRESIDENT: All right, Mr. Clerk, I believe we take up the Warner amendment.

CLERK: Mr. President, the first amendment I have is offered by Senator Warner.

PRESIDENT: Senator Warner, do you wish to...we will have Senator Warner explain the amendment rather than have it read because it is quite lengthy.

SENATOR WARNER: Mr. President, members of the Legislature, let me summarize my proposal first to the one issue that probably is most confused is this that I am not proposing a tax increase. I am proposing that we maintain the same level of receipts that we would have had had the federal government not changed the federal income tax base and I am concurring with the Governor that we do not increase the taxes but accept cuts to avoid increasing because of lack of projections and those are two separate and distinct issues that are before us. It has been alluded to as that the issue here is not maybe necessarily the budget but more of a political issue and I would also summarize that by saying that there are those in here and outside who probably believe that the result of...if an action results in poor government, that that results in poor politics. The opposing point of view that good politics automatically results in good government and no one knows better than I the difficulty to explain what is proposed. But in the handout that you

have received is a summary of what I am proposing on the first sheet. The second sheet is the latest revenue projections that we were provided, some of which, as you notice, were verbally collected over the phone. Preliminary for '82-'83, and I want to start with that because that is the dismal picture we need to look at, there are those who believe the economy is going to become worse and I would agree that anything I hear or read indicates that, too. So the question is not whether we are going to have or the state is going to have a difficult time next year, the question is how difficult do we want to make it. The projections based on three and fifteen, as you will see, shows a zero percent increase in receipts. A range of seven tenths of one percent less to seven tenths of one percent more, that average is zero. If you go to sixteen percent rate, that would collect at current estimates \$10,024,000. The revenue loss through June 30th, the revenue reduction because of the change in the federal tax base actually is estimated to be \$12.7 million so what I am proposing does not eat all that up. It only replaces eighty percent of it. When you look at the proposal, the current appropriation bill carried an appropriation of \$7.4 million of cash funds. The proposal of LB 8 would add another six. That is \$13.4 million. Cash funds, as you all know, when used too heavily is a one time use that the following year you automatically pick up the need to replace them with general fund money. An example of that would be in the case of the Department of Institutions in which LB 8 carries the proposal to reduce the general fund by \$2 million and increase the cash fund or leave the cash fund as it currently is which is \$2 million but the same request from the Department automatically increased their request for that \$2 million in next year's budget. So it isn't whether you are going to spend it, it is which year. Now my overall position is that if the state is going to maintain some level of stability to tax rates based upon the same figures that all of us have access to, by adjusting that rate to sixteen which is what we have done at least six or seven times in the last fourteen years automatically when federal government changed their tax base to preserve approximately the same level of revenue, in all probability we will be able to stay with that rate not only through '82, but I would suspect possibly through '83 but still making substantial cuts in requests because inflation doesn't appear to be giving us that much relief. There are those who would suggest there may be other revenue sources, and when you look at the sheets based on fifteen percent rate, one of the obvious things that jumps right out at you is that next session because of the change in the federal base I am sure we will enact legislation that adjusts the corporate income tax to return the receipts somewhere at least equal to if not greater than they would

have been had the federal government not made its change, and I would suspect there will be other miscellaneous receipts looked for but the question remains how difficult do you want to make it for the state. Now what the proposal is very simply, it accepts all of the reductions that were proposed by the Governor in the three percent operations sheet that was passed out to you, the first sheet. It accepts the reductions in state aid as recommended by the Governor. In addition, based upon an estimate, and I have freely said that this is the most questionable one on the list, of reducing homestead exemption by \$945,000, the appropriation. I have heard estimates up to \$2 million that we may have appropriated above actual need but those final figures do not come in until the 30th of June...the 30th of November and I freely admit that that may be an estimate. The next change I make is in the three percent as represented by the Governor dealing with cash funds and this is the two, one of which I have already made reference to, of the \$2 million of Institutions money that they already have requested to be replaced with general fund money next year. The other one is Environmental Control Waste Program funding deferral which also has automatically been requested as an increase in the general fund for '82-'83 and I believe that those deferrals should not be made. In capital construction I am accepting all of the Governor's proposed repeals or reductions in capital construction but I am not suggesting that we do the deferrals, and again to provide greater flexibility for the next session. In the case of the overrides as they were indicated on the Governor's original sheet, the amendment up there will retain the \$600,000 appropriation for the alcohol program but it excepts the \$92,704 appropriation that was associated with one of the bills enacted last session. That \$600,000 is made up from the \$680,000 as you see unencumbered Department of Education aid funds. The Commissioner of Education indicated at the hearing that she had encumbered that amount on June 30th of this year, and when all of the final reports was in, she did not need that amount and it will be unencumbered and hence will not...it in effect could be called a receipt to the general fund and that is the monies used to offset alcohol. She could not use it for her operation this year because it is encumbered funds and obviously it can only have one thing (interruption)...

PRESIDENT: One minute, Senator Warner.

SENATOR WARNER: ...is to be reimbursed to the general fund. The last item then again is the other cash fund and my same reason for putting it on is what I mentioned earlier. It is

a poor planning for a government, it is poor planning for an individual to use up all your cash that is available when you know you have got some other needs coming. If we use it up now, there is only one place you replace it and that is with additional taxes at some point as collected to go into the general fund. The total cut, true cuts, as proposed by the Governor and proposed by this amendment are virtually the same. The true cut of the Governor is \$25,241,000. My total is \$25,298,000, no significant difference. The last line is the most significant one and the real issue, the \$10,024,000, and that is the estimate of receipts that the state would retain if the rate is adjusted to reflect the federal change.

PRESIDENT: Your time is up, Senator.

SENATOR WARNER: I would be glad to answer any questions.

PRESIDENT: Okay, we will go then to the speaking list. Senator Haberman.

SENATOR HABERMAN: Mr. President, members of the Legislature, I rise to oppose Senator Warner. I rise to support Governor Thone when he calls us down here to cut the budgets and not to have a tax increase. They are waving the flag, next year we are going to have to have a bigger tax increase. Well, let's talk about this year first. There were a thousand people in line in Omaha trying to get 200 jobs. The City of Lincoln has started to lay people off. The citizens of this state are in trouble. The economy is in trouble and this is no time to increase any taxes. Now Senator Warner can stand back there and say he is not increasing taxes if they raise the income tax one percent but it is because the people will get a reduction if they leave it the way it is. So let's look at next year. Next year we can save, what, three or four million by one license plate and another thing we can do next year is the State of Connecticut biennially registers their automobiles and they save 12.5% which is \$500,000. If we register our automobiles biennially, we would save \$766,408. There is no reason to register cars every year, register them every other year and save that \$766,000. Now if this body wants to investigate what other states does and if this body wants to find other means to raise the money to raise this state we can do so, and possibly we can come up with some money to help those people who want to give it to the ADC and give it to the poor but I don't think we have thoroughly investigated every avenue as to how to save money in the State of Nebraska. So I oppose Senator Warner's amendment. I wholeheartedly support Governor Thone in that we do not have a tax raise.

If we get into a problem next year, we will solve it in January and February. Let's don't try to use that as an excuse to do something this year. We are down here. Let's wind this thing up. Let's push this bill on to Select File and let's go home. Thank you, Mr. President.

PRESIDENT: The Chair recognizes Senator Wesely.

SENATOR WESELY: Mr. President, members of the Legislature, I also arise to oppose the Warner amendment to the budget bill presented by the Governor but I rise to oppose it for different reasons than Senator Haberman has just expressed. My opposition is based on a number of different factors. First let me tell you that I think the original bill as introduced, LB 8, would be a disaster in a number of areas in the State of Nebraska. It is a bad proposal and one which we should not pass in this Legislature. Similarly though Senator Warner's amendments to the bill do not deal with those particular areas that I consider to be especially disastrous. So I don't see where the advantage is found in adopting the amendment proposed by Senator Warner. What am I speaking of as far as disaster? I will use one example and that example is the University of Nebraska. We are faced with an increased enrollment. We are faced with overflows in our classrooms. We are faced with registration that has been made, faculty that have been hired, commitments that have been agreed to, and now at this point nearly midway through the fiscal year we are about to cut their budget by what is supposedly three percent but which is really about a six percent cut because we are about midway through the fiscal year which means I don't know how they are going to be able to adjust and not have some sort of a, I think, diminishment and certainly a degradation of quality at that institution. But the Warner cut does not deal with that issue nor with other state agencies similarly hit very hard by this cut proposed by Governor Thone. I think there are other alternatives to both the Thone and Warner proposals that would I think better benefit the State of Nebraska. Now first off I think that you have to decide for yourself what attitude you are going to take as far as tax rates. Governor Thone has proposed no increase in tax rates. Senator Warner has informed us that an increase in the tax rates of one percent is not really an increase in revenue. It is an adjustment to bring in the same amount of revenue. Well, I think that is absolutely correct. It isn't really a tax increase and I agree with him on that point but you try and explain that to the public. You have articles such as Senator Schmit has passed around saying that Senator Warner is for higher taxes which is not really the case but the public sees that and the public reacts

and they are going to be very negative to any increase in the taxes and yet the Warner amendment would propose just that. Now I think it is similarly true that they are also misinformed in the case of tax cuts. Governor Thone for the last two years has cut taxes, the income tax rates from eighteen to fifteen percent, and has yelled loud and clear that he has reduced taxes in the state. Well, of course, that is not the case either. He has reduced the tax rate but taxes have not decreased in this state. They have increased about seven percent a year is what our budget increases in the state government. So he has been claiming all along to have cut taxes. That is not the case and now for him to turn around and say, well, an increase of one percent isn't really a tax increase, it is a tax rate adjustment would be very difficult for him to do and I think that is one of the reasons he is here today and in a special session trying to cut the budget because to explain all that loses the impact of what he has been touting himself for accomplishing over the past two years. So that is why we are here today. We are here to try and deal with the problem that could be taken care of outside of these chambers. The Board of Equalization has responsibility they haven't fulfilled and we are now placed with the burden of trying to come up with a solution to the problem. I think the Warner amendment is not that solution and I think the Thone proposal is not that solution but there is another amendment which is going to be proposed by Senators Beutler, Landis and myself which I think would better deal with the problems. Now let me tell you this right now. I think one of the major problems we are having is that we are overlooking the fact that there are a lot of local governments in this state that are able to get by much better than we are in state government in Nebraska because we are much more restrictive in a sense with our seven percent self-imposed lid than they are with the seven percent lid law we passed a couple of years ago. They are in a situation where they are going to be totally freed from any impact on the budget cuts in the slow economy that we are facing here in the State of Nebraska. They have property taxes.

PRESIDENT: One minute, Senator Wesely.

SENATOR WESELY: Thank you, Mr. President. They are being funded by property taxes, thus, they are not really going to be affected by slowdowns in sales and slowdowns in income in the State of Nebraska such as state government is. So they basically are going to be exempted from the fact that our economy has slowed down. I think if our economy has slowed down and we are tightening our belt in state government as a result, local governments ought to tighten their

belt as well and I think it ought to be our effort to try and spread the burden, to share the burden across the levels of government in this state so that we all pull in our belt a notch or two, that we all have to try and make some savings and encounter some budget cuts but not to the degree we are trying to impose on state agencies which I think is too much at this point and would be disruptive to their operations but a one percent for state agencies and a one percent for our local governments would seem to be reasonable and that is the proposal in the amendment that will be proposed following the Warner amendment that you will consider. That to me is a much more viable alternative and I would oppose the Warner amendment and oppose LB 8 in its original form.

PRESIDENT: The Chair recognizes Senator Lamb.

SENATOR LAMB: Mr. President, members of the Legislature, I rise to support the Warner amendment. I think probably most of you know that I may be one of the more conservative members of the Legislature. I am practically always in support of proposals which cut taxes, which cut spending and my position has not changed on that point. However, at this point after being down here a couple of days and seeing a lot of numbers circulated, I see the responsible position as represented by Senator Warner's amendment. One of the main factors I think in support of that amendment is the fact that Senator Warner does not lapse cash funds. As you and I know, that is merely a bookkeeping procedure. That is not cutting spending. That is not cutting taxes. It is like taking money out of one pocket and putting it in another one. Now what will happen if we do lapse those funds is that next year we are building ourselves a problem. We lapse them this year. We have already lapsed them at the beginning of this fiscal year so we are just borrowing from next year. So in my opinion lapsing cash funds is not a viable solution. The \$15 million reduction which is indicated by Senator Warner's amendment is agreeable to me. Basically it is not too much different from the amount actually in the Governor's original proposal as far as cutting spending, but when you get up to that \$25 million by doing such other things as lapsing funds which are not spending reductions. So under the Warner amendment we admittedly would increase the income tax rate. We would not significantly increase income taxes because of the five percent reduction in the federal income tax rate which occurred October 1st. It would be practically a stand-off. It would be the responsible way to go. It would not build us a problem for next year. I hope you can support the Warner amendment.

PRESIDENT: The Chair recognizes Senator Kahle.

SENATOR KAHLE: Mr. President, members of the Legislature, before the session started we were interviewed by news people locally and also here in Lincoln and Omaha. I made the statement that I thought the responsible thing to do would be to pick up the amount of income tax that Senator Lamb just mentioned, Senator Warner has mentioned, that we have lost through the reduction of the federal income tax. I think that is only responsible because that was not in the plan when we made our budget. We did not know what Washington was going to do. We aren't spending more money than we had agreed to so I think the responsible thing for us to do is to try to keep our state income at least on the same level we started out with at the first of this year. Now if you want to change it next year, that is another issue. The other thing that I want to bring to your attention is that the thrust has been to bring government back to the local people, bring government back to the state, take it out of Washington, bring it back to the counties and the cities. Nothing was said about cutting the income to these entities of government at the same time the federal government cut theirs. Now we may well want to do that. I suppose it will end up that way if the economy goes the way most of us feel it is going to go. But if we start doing that before it actually has happened or is happening, we are only building a wall in front of us. If we defer funds that were appropriated for this year into next year and expect to put them into next year's budget, we are going to have real problems. We have a seven percent increase in spending built into our system right now, voluntarily state and involuntarily city and county. If you think that you are going to provide those services in that seven percent increase and not pay your share, you are being dishonest. That is all there is to it. There is no way you can have manna falling from heaven. So I think the realistic thing to do is to follow Senator Warner's plan, keep our income as constant as we can for this fiscal year, cut where we can and find the funds that we are short. Next year is another situation. We may want to do something entirely different, but if we heap our problems that we have now upon the next year's budget, we are going to be so strapped that we won't be able to wiggle. The last years that we have had since I have been in the Legislature our Governors have always said that or at least came out looking as though they were very frugal and did not raise taxes. That is not exactly true because we were blessed with an increased amount of tax coming in every year and no matter what we did we had money enough at the end and that may not be happening any more. It doesn't look like it is happening.

So I think we need to be very careful that we keep up-to-date. The last thing I want to happen in Nebraska is that we fall into default and cannot maintain our pay as you go basis that we have had and I think one of the things that we need to do right here now is to pay as we go and to see that we accomplish what we set out to do and I think the Warner amendment comes as close to that as anything I have heard at this session. Thank you.

PRESIDENT: The Chair recognizes Senator Beutler.

SENATOR BEUTLER: Mr. Speaker, members of the Legislature, I am going to be in the position of opposing the Warner amendment this morning and I am going to be opposing it because I think there are two basic problems with the amendment. Let me talk by way of analogy a minute. In the first place I think that the Warner amendment is all backwards and this is what I mean. A hunter goes out and brings home some game and he dresses the game and he divides it into two piles, the fat and the scraps that he doesn't need and the lean meat. Now what is happening with the Warner amendment is that we are getting rid of the lean meat and we are keeping the fat and the scraps. What I am opposed to in the Warner amendment is basically the reduction in the state agencies by three percent when our Appropriations Committee has not had an opportunity to review those agencies and determine whether that is really fat. The process has been so rushed this special session that only eighteen of the ninety-five agencies, eighteen or nineteen of the ninety-five agencies have come before the Appropriations Committee to explain what effect that three percent reduction would have. But Warner's amendment increases, in fact, that reduction to state agencies over the Thone amendment which also contained that kind of a reduction. Then what happens is that the \$4 million in cash fund lapses, which the Governor himself identified as excess, the capital construction deferrals which are not really necessary this year as we all know, the \$5 million in reductions in excess of three percent which the Governor identified as fat are not reduced in the Warner amendment. So in other words all those items that are clearly fat, the cash funds, the construction deferrals, all those we leave in and we reduce the state agencies. I am suggesting it should be the other way around, strike the cash fund, strike the capital construction. Then next year, two months from now when we come into session, we can make a decision as to whether we want to reinstate the cash funds, whether we want to reinstate the capital construction and we can make that decision at that time after a thorough review of all ninety-five of the state agencies so that we can ascertain the relationships of cuts

in one sector as against cuts in another sector. That is the first problem with the Warner amendment from my point of view. Secondly I think we have to remember that we are a government family and that the state government is the parent and that the children are the cities and the counties and all the political subdivisions of the state. Traditionally last year I think our budget, depending upon how you identified aid to the local political subdivisions, was forty to fifty percent of our budget but the reductions proposed by Senator Warner and by the Governor generally speaking ask the state government, state government to bear the brunt of the reductions...

PRESIDENT: A minute, Senator.

SENATOR BEUTLER: ...as opposed to asking the children, the political subdivisions, to share in that reduction. I have just seen Senator Warner's amendment this morning because it was just first available this morning, but if I understand it correctly, only around twenty percent of the reductions will be born by local political subdivisions or less than that, depending upon how you define it. In my view the local political subdivisions should be sharing in this reduction in a proportionate manner because philosophically what is happening if you don't do this and if you don't significantly increase the taxes is that you are destroying slowly state government in favor of local government, and it is my opinion and I always thought it was Senator Warner's opinion that the first obligation of the state revenues was to support in an adequate manner state government itself, i.e., the state agencies. So that, too, in my opinion is a fatal flaw in the Warner amendment and what I am saying to you is cut the fat that we can cut now, the cash funds, the construction deferrals, and when we come together in January, we can review the whole situation in a timely manner and in a thorough manner and decide what should be cut, what should not be cut, and how much the tax rates should go up. If we have to raise the tax rate at that time, so be it, but I don't think it is crucial or important right now to raise the rate one percent. In fact I think it is unnecessary at this point in time, because looking at what the Governor identifies, there is a lot of fat there,...

PRESIDENT: Time is up, Senator.

SENATOR BEUTLER: ...a lot of money that is not being used but cutting the state agency reductions is not the way to go about it. Thank you.

PRESIDENT: The Chair recognizes Senator DeCamp.

SENATOR DeCAMP: Mr. President and members of the Legislature, first of all I want to commend Senator Warner. I believe he is offering his proposal and his plan because he believes from a statesman's standpoint as he perceives it that may be the best plan. Reluctantly though I again repeat I am going to oppose that and I would urge you others to do it also. And now I am going to say I guess the things you are not supposed to say. It is a political issue and let's face it. In the minds of the people, it is a black and white issue at this point and it has been cast into that mold by the special circumstances of the session, by the assurances from the Governor as to the needs for the session. By any variety of factors, it is a black and white issue of whether you are going to have a tax increase or not a tax increase and the best evidence I offered for that particular statement is the Warner plan, noble as it might be, wise as it might be, is second-guessing, I repeat, it is second-guessing all the experts who are being paid relatively good salaries to give us the information and, second, it is interpreted immediately by the media, right or wrong, good or bad, wise or unwise, fair or unfair, as simply a tax increase, Warner Calls for More Taxes. At this point in time with the water that is under the bridge, it seems to me the only responsible move is to support essentially intact the proposal by the Governor that has as its goal no tax increase. Now I have heard the same rumors that everybody else in this room has and those rumors are that, well, the Governor really does want the Warner plan. That is really what he wants. I don't know that. The only information I have at this time is simply that the Governor has a proposal there, a proposal that has certain promises it theoretically will live up to, and that is the proposal I think we should be supporting under the circumstances of this particular session and the circumstances of the Constitution given the Governor to call it, and the circumstances of the 28 to 20 vote last Friday where we said that is why we are here, that is what it is all about, up or down, black or white, tax increase or no tax increase. Let me just close by saying I do commend Senator Warner and I know he is offering his proposal under the most statesman like conditions and he is a statesman but I would urge you to reject it because it is a second-guessing at this point of everything.

PRESIDENT: The Chair recognizes Senator Carsten.

SENATOR CARSTEN: Mr. President and members of the Legislature, I think this morning as I view this financial situation down the road for the next two, three, four years, we are only beginning. This is only the first drop that we are going to be faced with and my support of Senator Warner is just

simply this, that we make the first step in addressing those problems that we are going to be facing which are going to be greater than this one as we meet here again next year and the year after and the year after that, and that as opposed to doing it all in one shot, which I assure you will then blow the lid off of the kettle, I say let's take a little bit at a time. We didn't arrive in three or four years to the point that we are at and are trying to correct that and go into a new direction that we have not experienced for many, many years, and I think to reverse that in a short period of time by one jump is going to be more significant, more painful and more detrimental to the people to learn to cope with than doing it a little bit at a time. I am of the opinion and I said right from the outset that it appeared to me that there was a middle-of-the-road approach to this using some cuts with some additional revenues, and inasmuch as we have been cut from the federal level which is only the beginning, we had better start making preparation to replace that which we are losing. I agree with Senator Haberman and others that there are places that we can cut in our state operations as well as our local operations but I also suggest to you that if we don't and those monies have to come from someplace in order to even just maintain governmental subdivisions as well as our state, then a large part of that is going to go back on property, and when you look at the agricultural income with livestock down, with grain prices down, and we don't give some help to the local areas, that is going to go back on property and then you will hear the howl. I think that Senator Warner is realistic. I think it is a correct approach and I don't like to disagree with the Governor but I just believe that his thinking at this point is not for the best interest of us as we look down the road. And as someone has said, well, let's look at today and then look at tomorrow, I think we have the responsibility to look at today and tomorrow as we approach the problems as they come before us. Thank you, Mr. President.

PRESIDENT: The Chair recognizes Senator Cope.

SENATOR COPE: Mr. Chairman, members of the Legislature, I support Senator Warner's amendment. I supported it yesterday in the Appropriations Committee's hearing. I heard both sides of it very carefully for the last couple of days, that is the various approaches of the agencies, their problems, and then finally last afternoon and evening Senator Warner's amendment. I believe that it is being fiscally responsible. Now that is a conservative approach. I know I am conservative. And I think that every member on this floor should consider it carefully. The Warner amendment cuts this year's operating budget \$15.4 million which is approximately the same as the

Governor's budget. There is no argument there. There was no argument in the committee on that. Now the difference and what is being discussed this morning are cash funds and deferred capital construction. Now I think it is as simple as this, members of the Legislature, do you want to spend money that is scheduled for payment during the next year now? If we don't pass the Warner amendment, we have double problems next year because we are budgeting next year's appropriation plus the shortfall that we are creating now if we don't pass it. Now is that fiscally responsible? I don't think so. This Legislature didn't know the federal income tax would be cut. It is no fault of ours. It is no fault of the Governor's but it happened and I think we must replace it with this one percent income tax that is in the Warner amendment. Let me give you one example that I think makes it pretty clear. If you contracted to buy a house a year from today, that is, let's say you contracted on July 1st and you were to pay for it on July 1st, 1982 and you agreed to put in escrow equal payments for twelve months. Now four months after you started this agreement on July 1st, you decided I am not going to put any more money in escrow. What happens on July 1st, 1982? You know what'd happen. You lose your house. We can't lose the State of Nebraska and it is absolutely the same thing with cash funds and deferred capital construction. So what do we do? We raise taxes and I honestly believe with the economy like it is today if we don't make this move now we can, depending on how the economy is a year from now, the income tax could go to eighteen percent and it is possible that the sales tax could be raised a half a percent. I hope not. Heaven forbid! But I think we run that risk. I think if we pass the Warner amendment that we can hold the line and know much more about it by the end of the next session and make arrangements for it. I think it is fiscally responsible. I think we should pass the Warner amendment.

PRESIDENT: The Chair recognizes Senator Howard Peterson.

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

PRESIDENT: All right, the question has been called for. Do I see five hands? I do. The question then is, shall debate cease? All those in favor vote aye, opposed nay. Have you all voted? The question is, shall debate cease? Record the vote.

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

PRESIDENT: Motion fails. The Chair recognizes Senator Cullan. Okay, Cullan waives. Senator Schmit. The Chair recognizes Senator Schmit. I will go to Senator Nichol and

then come back to Senator Schmit. The Chair recognizes Senator Nichol and then we will go back to Schmit.

SENATOR NICHOL: Mr. President and members of the Legislature, I often wonder how many minds have we changed when we debate on the floor and sometimes I think the answer is not very many. And once in awhile I think it is none. But I hope you were listening to what Senator Cal Carsten had to say a minute ago. We are here to make an important decision. It isn't just a whim and it probably will have a great impact on what we do come the first of the year. We have been bantering around whether the session was important or not, whether it was necessary or not but I hope we do make a decision. It seems that Senator Warner has a reasonable compromise. I don't know whether the Governor will go with it or not. I haven't the slightest idea but the Governor has seemed fairly reasonable in the past and I think with a little thought perhaps he may embrace it. I think if we went back to our home constituents and asked everybody down the street, do you want to cut taxes? They would all say, yes. And say, do you want to go with the Governor's bill? Yes, cut everything out you possibly can. But on second thought they may have some programs in which they were interested and say, well, now that you mentioned it, maybe we ought to have a little bit better look at it. I support the Warner amendment and I think it is basically good. If we want to change it or attempt to change it a little bit later, I think we should do that. Thank you.

PRESIDENT: The Chair recognizes Senator Schmit.

SENATOR SCHMIT: Mr. President and members of the Legislature, I was afraid that the debate would be shut off. I believe that this issue is important enough that it should be discussed and discussed thoroughly, not just because of the issues we face here this morning or will face in the next several days, but because of the implications it will have on next year's budgeting and the implications it will have to local governments and I think you are going to find that sometimes it is not what happens but the appearance of what happens that is probably more important than anything else. The reason I handed out that little article from my hometown paper, Senator Dworak's and my hometown paper, this morning was not in any attempt to intimidate Senator Warner because I know he is beyond that. He has been around long enough and through enough of the political wars that he doesn't intimidate easily but any similarity between the actual truth and what appears in that headline is just purely coincidental. The facts are that if you read the story, the story isn't so bad but the headline is devastating and that is about all

that most people will read. Now for those who are new in the political business, they take a look at that kind of a headline and they say, well, you put Schmit up there instead of Warner or you put Duda up there, and I use your name, Senator, because they took your district away from you, and there but for the grace of God go I. And given the present mood, present economy, I think that you can recognize why this kind of a headline catches the public's eye. Senator Wesely spoke about the ability of local governments to withstand the kind of an economy that we have now better than state government. I would suggest that Senator Wesely when he gets up to David City next time take a look at the list of tax delinquencies, property tax delinquencies in the Butler County Press. It will scare him. Those delinquencies are higher than they have been for many years. There are actual tax sales taking place across the State of Nebraska. I guess the reason that I am at this time going to withhold my support from either of the plans is because I want to hear some more discussion on it but also at the present time I really don't see any difference in the Warner amendment and what the Board of Equalization could have done had they met and taken the same action by raising the income tax one percent and we could all be back home picking corn or doing whatever we do best. The thing that concerns me about either the Governor's proposal or the Warner proposal is that to my knowledge I only see a deferral in spending in all those instances. I do not see any actual cuts. What we are doing is putting off the payment of a bill for a period of time. Now the reason that we laid off people in Columbus at the Behlen Manufacturing Plant and the reason we laid them off at Sperry-New Holland and other plants is because revenues were down, sales were down. There was no demand for the product so people were laid off. They are out of work. If we are going to curtail services of government, and we really don't save much money by just curtailing the service, you have to reduce employment. You have to reduce, you have to eliminate jobs. Now if you start talking about eliminating jobs from state government, you are going to hear a lot of screaming and shouting but, ladies and gentlemen, that may well be what we are looking at. It may well be what we are going to have to face. If, for example, we are going to reduce by one-half the number of restaurant inspections across the state, you don't save any money by just...

PRESIDENT: One minute. One minute, Senator Schmit.

SENATOR SCHMIT: ...by just cutting down travel. You have to lay off one of those people who does the job. That is

how you save the money. These proposals we are looking at here this morning do not do that. I recommend at this time that we continue this discussion and that we try to find out if we are going to have to face the fact again next spring. We are going to have to face the facts that the revenues are going to be substantially reduced and that we may well have to not only curtail services but curtail personnel. If that happens, ladies and gentlemen, you are going to be looking at a substantially greater reduction than three percent and it is not going to be a deferral. It is going to be an actual cut.

PRESIDENT: The Chair recognizes Senator Goodrich.

SENATOR GOODRICH: Mr. President, and members of the body, I just want to get up and tell you that you have got one thing to face. In the Warner amendment, you are going to have to go back home and explain to the citizens of your district how the state has \$6 million in cash funds and we did not use that to avoid a tax increase. In fact, we went one step further and we refused to defer roughly \$4 million worth of capital construction. Put the \$6 million with the failure to defer the capital construction, adds up to \$10 million. You are then turning around and asking the citizens to cough up one percent more in income tax, \$10 million. How are you going to explain to the citizens of your district that we have got the ability to avoid the tax increase now and yet we are asking them to cough it up? We have got \$6 million worth of cash funds we could use to avoid it now. We could defer the capital construction until next year and avoid the tax increase but yet we ask them to go ahead and do it now based on the fact that next year the economy may not have bounced back and, therefore, we may have to ask for the tax increase next year. That is not a positive that Senator Warner can guarantee nor can I guarantee it won't happen. All I am saying is this, we do have the ability to avoid the tax increase now and that is how I voted in committee. We all agree on the \$15 million worth of cuts and maybe as it was told to us in the committee, maybe the eagle can't soar but at least he can still walk. We are not arguing about the \$15 million in cuts that we are making right now. The discussion all centers on the fact that we are asking the citizens of Nebraska to pick up one more percentage of income tax now based on the fact that we don't think the economy is going to bounce back and produce those revenues that were anticipated earlier and we would thereby be able to avoid even a tax increase next year. It is possible. We are gambling on what the economy is going to do in the next three to six months and we are saying, let's hit you with a tax increase now so we would be better prepared in

the event that the economy does not bounce back. I say, and I have voted that way solid straight through in the Budget Committee, that let's not increase the rates right now. We can avoid it right now. Let's not increase those rates now. Let's wait until January, February when we know what the economy is going to do. March even is about when we are going to be actually voting on this issue and be faced with it. If, for example, the economy bounces back like it looks to me like the construction industry is going to bounce back, and it looks to me like the crops are going to be pretty darn good this year, that is assuming that as Senator Warner says we can get them in out of the field, and if the economy does bounce back and we are in a position not to have to increase the tax rate next year even, then we will look pretty foolish for having done it...

PRESIDENT: One minute, Senator Goodrich.

SENATOR GOODRICH: We will look pretty foolish having done it this year when we didn't have to do it, and it is for that reason that I am voting against the Warner amendment and against that tax rate increase. Thank you.

PRESIDENT: The Chair recognizes Senator Hefner.

SENATOR HEFNER: Mr. President, members of the body, this issue is a tough issue this morning. It is also a very crucial issue. I don't think that the Warner amendment is calling for more taxes. All it is saying is let's keep it status quo because the federal government did reduce federal income tax and I think we have got to realize this. I think that the Warner amendment is reasonable. I think it is a compromise and I think if we do not accept this, well, then we are going to have to raise the income tax rate perhaps two or three percent next year and I would say that it is better to raise it one percent at a time. I also think that we need to keep helping local government. We need to reimburse them for the money that they have lost from the personal property tax relief. We also need to help them out on the homestead exemption bill that we passed from time to time and, of course, we also have many other ways that we help them. The Warner amendment still proposes a \$15 million tax cut from the budget and so I really do not think that we are this far off. Therefore, I would certainly urge you to support the Warner amendment.

PRESIDENT: The Chair recognizes Senator Newell.

SENATOR NEWELL: Well, I think I will stick to the issue. Mr. President, I rise to oppose the Warner amendment and

I think that the reasons really ought to be very simple. We are looking here...the arguments are that we should save the Governor from himself. That basically has been the arguments that have been presented. Now, frankly, the Governor is in a position to understand what the situation is, and while he may or may not be making the right decision, he obviously has presented this Legislature with his proposal and his option. Frankly, I had, when I came here I had a different view of what should be done and, frankly, if I looked at it purely in terms of what I think should be done, I think that it would in fact be a different view but I obviously didn't go very far with my proposals. They were not even referenced to committees. The first day we adopted rules and those rules said very frankly and very clearly that the Governor's proposal was the one we were going to deal with and that is the one we are going to deal with only. Now we have proposals to save the Governor from himself. We have proposals to kind of even out what some people are predicting might happen. Now frankly I don't think we ought to be doing that. I think frankly that another proposal at this point in time really changes the atmosphere that we set early on and that was the Governor gets what he wants. Now he has made those decisions. He has calculated that. He has assessed it and he frankly feels that that is what is best for this state. I think he is wrong but I think he like the President of the United States deserves an opportunity, deserves an honest chance to make it work. This Legislature has been fairly amenable to his proposals. The rules changes which said we are only going to look at and assess his proposals, and so I think we ought to do exactly what we sort of said we were going to do when we first got here and that is give the Governor what he wants. I urge you to reject the Warner amendment. It does not do that. It proposes to save him from himself and, in fact, the proposal is to even out theoretically and I am not sure that it is even going to do that. I don't think it is going to be the savior because I really think the sales tax receipts are going to drop even more. So I would urge this body to respond to the Governor as it did early on. Thank you.

PRESIDENT: The Chair seeing no further speakers, Senator Warner, you may close on your motion.

SENATOR WARNER: Mr. President, members of the Legislature, last week I was interested in the headlines on Congress on the AWAC planes. I believe Senator Chambers made reference to this last Friday but it appears the new political posture that is acceptable is to say that proposal is wrong but I am voting yes. What ever happened to your own judgment?

If you believe it is wrong, vote that way. I can always go home and defend that I did what I thought was right. I can never honestly go home and say I did it because it was politically expedient, it was an easy way out, I am not looking ahead, I want to create a crisis. That is not an option of responsible government. That is not why I ran for the Legislature. I would hope that you would seriously think the consequences. You may well be in the position of explaining now or explaining later why the tax rates are adjusted. That can be done. Now there have been a couple of other suggestions and I looked at other suggestions, too. A couple of weeks ago my first reaction was to do the one thing of deferring capital construction and using up cash because that is the easiest and obviously what you ought to do in the short run. And then I saw the projections for '82-'83 receipts and it was immediately clear to me that to go that route makes a much greater difficult position next session. Now I have already acknowledged initially that I anticipate some selected tax increases next session whether you adopt my amendment or not and the one I pointed out, if you look at the sheet, because of the federal tax change even if you go to eighteen percent, the corporate tax collection is going to be less than it was at fifteen prior to the federal tax change. Now there will not be a soul in here, I would bet, that will say when that bill comes before us that we should not adjust the state rate to accommodate that reduction in the federal tax base for corporations. There also will obviously be some other selected increases on the so-called "sin" taxes probably but even with that if the projections are right you are talking about very little income increase and you will be looking at real cuts. Now there is no difference in the cuts between my amendment and the cuts that the Governor made in total. True cuts are the same. You have to make true cuts if you want to provide some relief for the '82-'83 session. Deferral is not a cut. Deferral is shoving the problem ahead as some of you have already indicated. It does not avoid the problem and I agree that it does not. I also thought that the proper thing to do was to make a one percent reduction across the board, share it with everybody including all aid programs. You recall that I asked a letter be sent to all agencies Wednesday...

PRESIDENT: One minute, Senator Warner.

SENATOR WARNER: ...asking if they could live with the proposed reductions. Fifty-one said they could live with the three percent. It became obvious to me that I couldn't stand up here and defend a one percent reduction or no reduction if fifty-one agencies said, "Yes, we can do that."

There is no problem." Even some agencies who said that they would be reluctant indicated, "Well, we could make it." Let's use the University. They have \$3.7 million in cash over and above what we estimated that will be used to offset some of the general fund cut. I had anticipated that that \$3.7 million would be used to offset some of the increase in tax funds next year. Obviously, that is not going to be available. That is not even in the figures I have talked about today on this amendment but that is a fact and I would hope that as painful as it may be to vote for this amendment, because of the way it has been developed by the public's knowledge of it, that you would still support it because I believe it to be right and I think it will provide a much sounder and balanced fiscal policy for the State of Nebraska for the next two years, not only this year. Thank you, Mr. President.

PRESIDENT: The question before the House is the adoption of the Warner amendment. All those in favor vote aye, opposed nay. It would require 25 votes. Senator Warner.

SENATOR WARNER: I would ask for a record vote. I want to provide everybody an opportunity to be on record.

PRESIDENT: All right, a record vote has been requested, Mr. Clerk. Have you all voted? We wouldn't want anybody to miss this vote. Record the vote. Senator Chambers, I just said record the vote.

SENATOR CHAMBERS: I just wonder if the body realizes that is a Warner motion, not a Chambers motion.

PRESIDENT: I think the record shows that, Senator Chambers.

CLERK: Mr. President, (Record vote read. See pages 58 and 59, Legislative Journal.) 13 ayes, 33 nays, Mr. President.

PRESIDENT: Senator Haberman, for what purpose do you arise?

SENATOR HABERMAN: A point of order, Mr. President.

PRESIDENT: State your point.

SENATOR HABERMAN: Would you please explain to the body what is going to happen or how you would handle it beings as there is only 48 of us if we have a tie vote?

PRESIDENT: No. I usually make up my mind rather rapidly. No, I won't tell you. Motion fails. We have before the House LB 8 and now the next amendment on the desk, read the amendment, Mr. Clerk.

CLERK: Mr. President, the next amendment is offered by Senators Wesely, Beutler and Landis.

PRESIDENT: Is Senator Wesely going to speak for the trio here or is Senator Beutler? Senator Beutler.

SENATOR BEUTLER: Mr. Speaker and members of the Legislature, the proposal that we would like to make to you now is a variation of the Governor's proposal which addresses one major problem that we had with the Governor's version. It is like the Governor's proposal a proposal that does not anticipate a tax increase. The total reduction that we would propose is in the neighborhood of \$24 million which would leave us with the required minimum reserve and which would again not require a tax increase. If you would, I would like to just basically explain what we are doing so you have that firmly in your mind and it would be helpful in doing that if you would pick up off your desk the handout with the initials...with some initials at the top that says "Amendment to LB 8" and turn to the second page of that which is entitled "Comparison" on the second page and that is a comparison of LB 8, the Governor's bill, with the amendment that we are proposing and following along on that page let's go through it A through H, and I think then you will have a very good grasp of what the difference is between the Governor's bill and this proposal. A is Reductions to Operations. The Governor, as you recall, had an almost across the board reduction of \$8.6 million. Our proposal, and this is one of the two basic changes, our proposal would reduce that to a one percent reduction. It basically reflects our feeling that under the Governor's proposal state operations are suffering...or bearing an inordinate proportion of the burden of these reductions and that our Appropriations Committee has not had an adequate chance to appropriately review all of the state agencies to make individual determinations as to the appropriateness of those reductions. So we are reducing that as much as we can while at the same time not having a tax increase. That is the major change. Item B, 3% Reduction to AID, that is the same in both proposals. Item C, Reduction in excess of 3%, that is the same in both proposals. Item D, Capital Construction, that is the same in both proposals. Veto Overrides is the same but we did make a couple of small changes there. Moneywise that is not a major item as you can see. Item F is the difference. We picked up and added to our proposal a million dollar reduction in excess, excess homestead exemption aid, this is the same money that Senator Warner has identified and had in his proposal. Item G is the new item and will be the controversial item and that is that we are proposing a five percent reduction

in the personal property tax exemption aid. As you all know, we had long debates last year on the \$70 million and how that was distributed. Five percent of that \$70 million is \$3.5 million. When you start dividing that out to the burden that each political subdivision must bear, what proportion that is to their total budget, it is a very, very small portion. And it is our feeling that the local governments should be called upon to do the same thing that you and I are doing here today and that is to conscientiously review in an emergency situation their expenditures so that they are going through the same process that we are going through and so that the funds that are siphoned to them are reduced in proportion, in proportion, to the reduction in expenditures for state government. The Cash Fund Lapses, item H, are the same under both proposals. So in summary what we are doing is changing the Governor's reduction to the state agencies by two percent and making that up by a million dollars in homestead exemption and by \$3.5 million in personal property tax aid reduction. The final line again leaves us above the three percent reserve, a little closer to that three percent than the Governor's proposal would have left you, but again the bottom line is that it is an alternative for your consideration which does not require a tax increase, which we think eliminates a great many of the excess funds that we have, the cash funds and the capital construction deferrals, while at the same time spreading out the burden where it really hurts between the state agencies and the local political subdivisions and that is the basic proposition. Thank you.

PRESIDENT: The Chair recognizes Senator Wesely.

SENATOR WESELY: Thank you. Mr. President, members of the Legislature, I would say that at this point it is very appropriate to consider this amendment because it is quite clear from the vote on the last one that the proposal Senator Warner has proposed has been rejected. I think there was a lot of debate about the problems with Governor Thone's proposal. The Appropriations Committee which met last night for over three hours could not come to a conclusion between those two items so here is a third alternative, one that has been seriously considered and carefully thought out, one which I think addresses the problems that we face in the state with the slowdown in the economy but does so in a more equitable fashion than either proposals that you have now considered up to this point. I think that what this bill, that what this amendment says is that we are going to hold the line on taxes fairly. Yes, we are going to hold tax rates down. We are going to keep our budget down. We are going to make the cuts. We are going to do so in an equitable and fair fashion rather than just singling out state agencies which is what we have done at this point with the Thone proposal and with the Warner proposal. I think that this is a much better approach to the problem. Essentially what would result if you will support this amendment would be a one percent cut in state agency budgets and about a one percent cut in state aid to local governments total from the package that we send back to the local entities in the state. As most of you know about half of our budget which is a little over \$700 million, so about \$350 some million evidently goes back to local subdivisions of government. We are cutting about \$3.5 million from the personal property tax reimbursement fund. 3.5 is about one percent of the total state aid that we send back to local subdivisions. So they are going to suffer about one percent, state agencies will suffer about one percent. That seems fair. That seems equitable and I think it is something that can be accomplished with a minimum of disruption and the effects will not be as negative as what is proposed in the present legislation before the body. I think, as I said before, with the proposal we have, we have that third alternative that hopefully the stalemate that has been the case in the Appropriations Committee can be resolved by support of this amendment. The other alternative is either the bill as introduced or nothing or to do nothing which would result in an increase in taxes. So I think if your philosophy is to try and hold the line on taxes, you have a choice. You have the choice of adopting this amendment or going with the Thone proposal, and as far as I am concerned, you are going to find a much more responsive I think reaction to what we are proposing because it is

a fairer approach than you will find with the original bill. I urge your support. I urge you to look at it carefully, and if you have any questions, I am sure the three co-sponsors will be glad to answer them, but let me tell you this that you will see this as being a much better approach to the problem if you will take the time to consider it carefully than what we have before us today in the form of LB 8.

PRESIDENT: The Chair recognizes Senator Koch.

SENATOR KOCH: Mr. President and members of the body, I would hope that the body would resoundly defeat this amendment like we did the previous amendment which had more meaning and more virtue to the state and to this body for future sessions. As I look at it right now, obviously Senator Wesely and Senator Beutler and Senator Landis believe that local subdivisions of government have a great deal of money laying there, so, therefore, take it away from them. I would remind you that this body exempted those taxes several years ago and that was on the dollar price of what the value of that land and warehouse might have been then. I am not going to support this amendment at all and I would hope you wouldn't either. You are asking the local subdivisions to give up almost \$7 million in total amount and those people don't have that kind of money. We made a commitment to them, \$70 million based upon the purchasing price of several years ago. Now we are going to say we give to you today and tomorrow we are going to diminish it even to a greater degree. Municipalities have problems today of trying to live under seven percent and they live under it. So do the cities, counties and the schools. Now we are about to say go back to the property tax one more time, folks, one more time and they already have had to do that on several occasions and some of them can't even live up to seven percent of what they can levy so I would hope that this body would not seriously consider this amendment. If I had my way I would like to go back and reconsider Senator Warner's amendment which might have the greatest merit for us in the future, particularly next year when we look at a budget we are going to have to try to meet then, and I couldn't believe that Senator Warner only received 13 votes which I think was an appropriate amendment. To look at next year's budget, it is going to be a real shock because we haven't planned properly. I think too many of us are concerned about the Governor. We shouldn't be. We should be concerned about the future of this state. I think Senator Kahle and others alluded to it. That next year we sit here looking at the budget in March and April, we

are going to say to the people, "How about three percent?" And then check the shock value. I would sooner take one percent now and let the people know there may be some more coming later on if you want to maintain services. I oppose the Wesely amendment and I would hope you do the same thing.

PRESIDENT: The Chair recognizes Senator Pirsch.

SENATOR PIRSCH: Thank you, Mr. President. Members of the body, I thought it was interesting that Senator Beutler referred to the state as the parents and our subdivisions as the children and then went on to say that we should take care of the parents first. You know it is funny but as a parent I always thought it was the other way around and usually I find that the parents are the "fat cats" of the family, that we perhaps maybe should not have that kind of selfish viewpoint as parents first, let the children look out for themselves. On the reduction to the operations from three percent to one percent, that is the parents I assume. The parents are going to come out with \$5 million more and then we go down to F and G where we have a three percent reduction in the homestead exemption aid and where does that come from? Right, that comes from the children, from the property owner. G, the five percent reduction in personal property tax exemption aid goes right back to the county. Where is it going to end up? The children are going to pick it up and those children are translated to your property tax payers. I certainly think that in state government we can find those places to cut and I recommend that we adopt the Governor's plan, that we not mess around with all of these alternatives. You either accept or reject that the state has that responsibility and the state also has those places where we can trim the fat and we should be looking at that more closely than dumping it back on the property taxpayer. Thank you.

PRESIDENT: The Chair recognizes Senator DeCamp.

SENATOR DeCAMP: Mr. President, members of the Legislature, an argument that hasn't been raised in this issue, and I respectfully oppose the amendment, all the cuts and the three percent, state agencies, one after the other, trouped in and said they could live with them. Basically I guess they said they supported them, almost overwhelmingly. However, however, if you were to ask the people that are going to lose this other money, the five percent, \$3.5 million, those are all the myriads, thousands of subdivisions of government. They have had no chance to even open their mouths on it and yet you are going to knife them, put that money on property tax again and I guess I don't think that

is quite right. Maybe if that had been an issue and they had had their opportunity like in a regular session to make their presentations, it would be different, but as it is, the people that are being cut the three percent have come in, personally testified they can live with it, and these other people would tell you absolutely they can't live with what you are going to do to them. So I urge you to reject the amendment. At the same time I certainly understand the approach there but I don't think it is workable.

PRESIDENT: The Chair recognizes Senator Landis.

SENATOR LANDIS: Mr. Speaker, members of the Legislature, I would like to react to some of the arguments that have been given in the last several speakers because for the most part many of the objections that they raised are specious and do not really apply to the operation of this amendment. First of all, there will be no property tax increases. Now why is that? Because the property tax rates are set. They cannot go back now and raise taxes. So, therefore, the argument there will be a property tax increase simply isn't so. Read your statute books and you will find that there is no way that those tax set rates can be re-examined and increased. There is, however, a mechanism of short term financing for cities and the like and that is a warrant system and you will find that in the statutes as well so that there is an interim mechanism in the event they want to pick up those dollars without a property tax increase. However, let me go onto the issue of the homestead exemption that was raised by Senator Pirsch. Senator Warner made it clear that that money, the homestead exemption money, is not money that will flow to the counties. It will not go to the political subdivisions. Those are revenues we have been raising that we are not going to reimburse counties because the demand for homestead exemption isn't there to justify that amount of money. We are not robbing the counties in that case of homestead exemption dollars by subtracting that from the budget. What this amendment stands for is the proposition that we share the responsibility for this downturn in the economy with all levels of government as opposed to the proposition that has been offered so far by the negative speakers which is that we attempt to escape responsibility. And how much of this responsibility are we sharing with the cities and counties? I will tell you now that the amount of the total city budget that is gleaned from this source is negligible. If we cut personal property relief funds for a city, in the cases that I have checked, and there were six of them, in every case it was less than one-tenth of one percent of their total

budget. In the City of Omaha it comes to .0009 as a percentage basis of the total budget. The total budget is \$147 million. This amounts to \$152,000. That is less than one-tenth of one percent. In Kearney the total budget is \$8,900,000. This is \$3,750 we are talking about in their budget. In Scottsbluff, a six, almost a \$7 million budget, we are talking about \$6,000. In Fremont, a \$5.5 million budget, we are talking about \$5,000. North Platte, \$8 million budget, \$5,800 is what we are talking about. Grand Island in a \$23 million budget, a \$16,000 cut. Any political subdivision can make a budget adjustment of one-tenth of one percent. That is a reasonable sharing of responsibility compared to a cutting of all state agencies of three percent. I do not accept Senator DeCamp's characterization that state agencies tramped in and applauded a three percent cut. That is simply not so. That is not what we heard at that budget hearing. We heard that they could survive but we did not hear some wholehearted applause for that idea. If there is by act of God, by a downturn in the recession, economic hard times, it seems reasonable that we all share in that fact and that is what this amendment attempts to address and there is no reason to exempt some special political subdivisions and then take it completely out of the hide of the state.

SENATOR CLARK PRESIDING

SENATOR CLARK: You have one minute left, Senator Landis.

SENATOR LANDIS: Thank you. I will close, as a matter of fact, by simply stating that I think it seems reasonable to share the responsibility for the necessity of this cut and not to escape it by transferring it all to cities and counties, that this effect on them is minimal. They can withstand that quite easily in the sacrifice we ask of them. It is far, far less than we ask of ourselves, less than one-tenth of the sacrifice we ask of ourselves if we set a one percent cut in state agencies and this reduction in the personal property relief fund. I hope the body will support the amendment.

SENATOR CLARK: Senator Lamb. Senator Kahle.

SENATOR KAHLE: Mr. President and members of the body, I think this is the most irresponsible thing I have seen for a while. We met last spring for ninety days, threshed out the \$70 million issue, the homestead issue. I don't know how many of you would like to have your salary or your income adjusted every month after you had a contract let's say. When you talk about county government, for

instance, and that five percent. It is not five percent, it is ten percent because half of the year is gone and you're going to deduct the five percent for the entire year. It may not be much money but the trend is exactly in the wrong direction in my estimation and one of the introducers said that it wouldn't raise property tax. Well, I served on county government long enough to know that if you have a deficit in one year you put it on the next. I am not sure how it is going to work with the seven percent lid. There is really no place to go with it, but we are breaking a promise we made, especially with subdivisions of government. Now state agencies where we may have some control and the Governor may have some control, I can see where we can juggle these funds but we start juggling the funds that we pay out to the subdivisions of government we are breaking a promise that we made to them and we had a solution to take care of this without hurting too much which was turned down but this certainly is not acceptable. Thank you.

SENATOR CLARK: Senator Schmit.

SENATOR SCHMIT: Mr. President, members of the Legislature, I would have to oppose the amendment. I believe that we are going to see, as I had said earlier, some terrific adjustments in all areas of spending in the next year or two. I guess the thing that concerns me most of all is that we continually hear persons refer to the \$25 million reduction in the budget but no one has touched upon why we have a \$25 million shortfall. Mr. Leuenberger I believe was quoted in the press as saying the reason for it was because the withholding tax from employed persons was down. He said it was not due to lower livestock and grain prices. Well, I suggest that the reason that withholding tax from employed persons is down is because they have been laid off in places like Sperry-New Holland and Behlen and Goodyear and many other places who produce the items that we need in a society that is making money. The facts are that we have taken a really major drop, more than a billion dollars in the value of commodities, more than a quarter of a billion dollars in the value of livestock, and that is why the \$25 million is short. In fact I am amazed that we are not short more. A tax cut of one percent or two percent or a tax increase of one or two percent doesn't mean anything to a man who has lost his job. Ask the people who were laid off at Goodyear how they feel about whether we have a one percent increase or a ten percent increase if you don't have a job. I think that is the thing we need to look at. I think that one of the things, one of the good things about this session, if there is anything good about it, is that

we ought to be discussing what we are going to do to turn the economy around. At the present time I haven't found any elected person who knows what mess we are in, how we got there or how we are going to get out of it. There has not been any suggestions. I think that that is what we ought to look at. The economy we are in today is like driving a car that goes into a skid on the road. Unless you take corrective action you are going to crash and you don't just take corrective action by sitting there hunkering over the steering wheel until you hit a tree. What we are doing here, we are hunkering over the steering wheel and we are hoping that the \$25 million will buy us a little time, but unless we turn the economy around by some leadership in government and in industry and other areas, we are going to have really serious problems. So I would oppose this motion and hope that we proceed with the bill.

SENATOR CLARK: Senator Nichol.

SENATOR NICHOL: Mr. Chairman, members of the Legislature, just briefly, if you will take your amendment and look at it for just a second, by accepting the three percent reduction to aid on line B that the Governor was proposing in LB 8, you have cut state aid to technical community colleges by \$587,000 or almost one half of that three percent reduction. That is the only, the only political subdivision that has been cut under the Governor's proposal. It is also cut under the Beutler proposal. In addition the technical colleges would lose under F three percent in homestead exemption and an additional five percent in the personal property tax exemption aid under G. So that the cut to the technical community colleges is compounded by cutting the state and also reducing the property tax receipts. It looks to me like they are getting a triple whammy here. I oppose the amendment.

SENATOR CLARK: Senator Howard Peterson.

SENATOR HOWARD PETERSON: Mr. Chairman, I would call the previous question to see if we can't close off debate.

SENATOR CLARK: Do I see five hands? I do. The question before the House is will we cease debate. All those in favor vote aye, all those opposed vote nay.

CLERK: Senator Clark voting yes.

SENATOR CLARK: The question is ceasing debate. Have you all voted on ceasing debate? Record the vote.

CLERK: 26 ayes, 7 nays on the motion to cease debate, Mr. President.

SENATOR CLARK: Debate has ceased. Senator Beutler, do you wish to close? Senator Landis, you are going to close? Go ahead.

SENATOR LANDIS: Mr. Speaker, members of the Legislature, although there probably will be three votes for this amendment, I do want to speak to it because I think it offers a very rational and fair approach to the solution we find ourselves in, the problem, rather, we find ourselves in. Let me address some of the arguments that have been used in the last several minutes. The idea of breaking promises to the cities and counties, I guess the proposition that Senator Kahle proposes is really to break only certain promises, that we should break promises to University students, we should break promises to the mentally retarded, and we should break promises to ADC recipients and the poor, but God forbid we should break a promise to the cities and counties who are sitting out there with personal property relief funds from the state. The proposition of our amendment that if we are going to suffer loss everyone suffers at least some of the loss, and by making it wider, you also make it shallower in the effect of that sacrifice. I don't think we need to pick and choose among promises made and kept. The fact is we are in a new economic situation. We all need to tighten our belts. I also want to reiterate that the amount of sacrifice required of these people is minimal. I don't think there is a city in this state that can't cut their budget one-tenth of one percent. That is the situation we are asking them to do by this amendment and I don't think that is an onerous burden and I don't think there is any of us in here who don't think that that can't be accomplished without an increase in tax rates. With respect to the idea that the community colleges are singled out, the singling out occurs in the Governor's proposal, not in ours. The innovation in our amendment is to affect everyone, not community colleges, but all political subdivisions that have their hand in that pot. Now if there is some inequities perhaps because the Governor has singled them out for special treatment but that can't be laid at our doorstep. That lays at the Governor's doorstep. I wonder how Senator Nichol is going to respond to the Governor's proposal when it comes up for voting and whether he is going to be concerned for the community colleges on that proposal or not. Lastly before I turn over the last couple of minutes of the closing to Senator Wesely, I just want to indicate to this body this proposal is made in good faith. It is made because we think that there

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are alternatives to the Governor that can accomplish the same ends, no tax rate increase, equitable budget cuts and a sharing of the responsibility of this new situation. That is the impetus behind this amendment and I hope the body will give it serious consideration, and I waive the rest of my time to Senator Wesely.

SENATOR CLARK: Senator Wesely.

SENATOR WESELY: Thank you. Mr. President, members of the Legislature, I do think Senator Landis summarized very well the arguments on behalf of our amendment. I would just add one final point. Those of you who have opposed the amendment have spoken in very eloquent terms of the problems the subdivisions of government face with the sort of cut we are proposing, and as Senator Landis has identified, we are not talking about a three percent cut. We are talking about less than a one percent cut in terms of total budget and a one percent budget cut in state aid from the Legislature and I think that is not an unreasonable amount of money to ask those local subdivisions to adjust for. Now I think it is very clear, if you are so concerned about the subdivisions and the impact that this minimal cut will make on them, think about the state agencies and what will happen to them with a three percent cut at this point in the fiscal year. If your concerns are only for the subdivisions, then I ask you to please broaden your horizons and think about the state agencies, the University, and the other programs that are now in effect that are serving the many people of this state through our different state agencies. How are they going to be impacted by a three percent cut when you are so concerned about a one percent cut in state aid to local subdivisions. It seems to me that your priorities are real questionable at this point. It seems to me that we have learned a lesson here from talking about the impacts on subdivisions to see what the impacts are going to be on state agencies because the effects are similar. Midway through a fiscal year we are asking for an amount of money to be taken out of their budget they hadn't planned for. They are going to have to make adjustments at a time that is very inopportune for them. I think that the best way to ask them to bear that burden is to spread the burden across local subdivisions as well as state agencies.

SENATOR CLARK: You have one minute left, Senator Wesely.

SENATOR WESELY: Thank you. And it seems to me that the proposal that we have before us in the form of this amendment is the best solution to the problem that we have. If you want to be irresponsible, I would suggest passing Governor Thone's bill. I think if you want to be responsible and you want to hold the line on taxes, you will support this amendment. That seems to be the choices I see. I would suggest that you support the amendment and help us to try and make a reasonable effort to hold the line on taxes in an equitable fashion.

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SENATOR CLARK: The question before the House is the adoption or the rejection of the Wesely-Beutler-Landis amendment. All those in favor vote aye, all those opposed vote nay.

CLERK: Senator Clark voting no.

SENATOR CLARK: Have you all voted on the Beutler-Wesely-Landis amendment? Record the vote.

CLERK: 5 ayes, 41 nays, Mr. President, on adoption of the amendment.

SENATOR CLARK: Motion lost. An amendment on the desk. He wants to read a couple of things in first.

CLERK: Mr. President, I have a Miscellaneous Subjects report regarding confirmation hearings on gubernatorial appointments.

Mr. President, I have two new resolutions, LR 3 offered by Senator Vickers. (Read. See pages 71 and 72, Legislative Journal.) Pursuant to our rules, Mr. President, that will be laid over. LR 4 offered by Senator Koch. (Read. See page 72, Legislative Journal.) Again, Mr. President, that will be laid over as well.

Mr. President, the next amendment I have on LB 8 is offered by Senator Vickers.

SENATOR CLARK: Senator Vickers. Has that amendment been passed out?

SENATOR VICKERS: Mr. President, and members, the amendment that I offer to LB 8 I would hope that it might be treated with a little more kindness than the two previous amendments. I am not sure that I should even have the nerve to stand up here and offer another one but be assured the amendment that you should have a copy of on your desk does not change the dollar figure in any way, shape or form. It simply indicates that if an agency or a commission or a board or a department because of the reductions, because of the reductions that we are going to impose on them, find it necessary to reduce salaries of any of their employees that that reduction should be across the board. It should be to all of the employees and I will be very honest about it. I think one of the main reasons I put this amendment up for your consideration is because of the fact that I think probably and for all practical purposes what will happen if there are salary reductions and this amendment isn't

adopted is that the directors of the various state agencies, the various commissions, will not notice a reduction in their salaries but the people under them probably will. It seems to me that if the policy is going to be made by this body, by the decisionmakers of this state, that because of the financial situations that we face that reductions need to take place, that those reductions should be shared by everybody including the boss. Also I would point out that that is the way it normally works in private industry or private business, the private businessmen, the farmer particularly in the State of Nebraska, his employees might continue to get a wage but you can be assured that his wages go down first and it would seem to me that we should at least share those reductions. Now I should point out I think that I visited with several people on the Appropriations Committee, I visited with Senator Warner and I guess they were assured by most state agencies that there are no plans to reduce any salaries and I am not saying that they should reduce salaries. This is not mandating to anybody that they need to do anything. It is just saying that if you do, if you choose to go that route, then do it across the board. It also does not say that you cannot eliminate positions. As Senator Schmit so aptly pointed out a little earlier this morning, that is probably going to take place in some cases. In some cases maybe it should take place. Again as private industry would do, that is the way they would do it. They would eliminate some positions but keep some other people on and pay those that they do keep on so that they will be productive employees and this does not take their right away to eliminate those positions if they feel it is necessary to do so. Neither does it take away any discretion on their part as far as merit raises are concerned. This has nothing to do with the merit raises that particular state employees might be entitled to. This is talking about strictly a reduction based on the reduction that we are going to impose on the various state agencies, various commissions, and very simply says that that reduction if it is going to be shared by anybody of their employees, it is going to be shared by all of them. Now it seems to me that that is a policy decision we have every right to make and every right to expect our employees to do including the directors of the various state agencies. Thank you, Mr. President.

SENATOR CLARK: Senator Hefner.

SENATOR HEFNER: Mr. President, members of the body, I rise to oppose this amendment. I think that we need to leave this decision in the hands of that department head or the administrator. I think that we have very capable department

heads and they should be able to handle this themselves. I don't see any reason why we should be giving a good employee a reduction along with that poor employee. I think that they need to work to keep their job and to keep that salary up there, and if we pass this amendment, all the employees will be the same. I guess I would have to ask Senator Vickers what union do you belong to or what union are you the president of? I think that if we pass this amendment that we would be tying the hands of our administrators of our different departments. I think what you are saying here is that all employees are equal and they are not equal. I would say let's let the employees work to keep their jobs. Let's give the employees an incentive and so I would strongly urge you to vote against this amendment.

SENATOR CLARK: Senator DeCamp. The question has been called for. Do I see five hands? The question before the House is shall we cease debate? All those in favor vote aye, opposed vote nay. Have you all voted on ceasing debate? Record the vote.

CLERK: 27 ayes, 6 nays, Mr. President.

SENATOR CLARK: Debate is ceased. Senator Vickers, do you wish to close? Yes.

SENATOR V. JOHNSON: Under the rules that we are operating under, debate has to be full and open. We have only had two speakers on this entire issue and I ask the Chair to rule that debate should continue notwithstanding the vote.

SENATOR CLARK: I didn't rule it. The body did.

SENATOR V. JOHNSON: I understand that but the Chair under our rules can be asked to rule whether debate should continue notwithstanding the fact that the body has chosen to cease debate. We have not had an adequate discussion of this issue.

SENATOR CLARK: I am going to rule debate has ceased. If you want to question that, you go ahead. Senator Vickers, do you wish to close?

SENATOR VICKERS: Thank you, Mr. President. First of all in order to answer Senator Hefner's question, I am not the president or a member of any union, Senator Hefner, and, secondly, the proposal that I am making would not reward those employees that are not producing, that are not good employees as you pointed out. I guess my question would be to all of us, and I think we all need to answer that, if

an agency of state government has an employee that is not a good employee, why are they still there? If we get in a situation where we have a shortage of dollars, why don't they simply terminate those types of employees, and if they are not going to terminate them, I guess what Senator Hefner is saying is that they should use the three percent as a way to punish those employees that are not good employees rather than eliminate the positions. It would seem to me that it would be a wiser idea to eliminate those positions if they are not a good employee but I think what is going to happen if this isn't adopted is that the various agency heads, the various people that are in the position to make those decisions will probably make the decision to lower the salaries of their employees that are under them, but I cannot envision agency heads lowering their own salaries. You know, the average citizen out there when they think of bureaucrats and what happens in government, normally they are opposed to government spending because they feel that they...not because they feel that they are not getting the...that they want to get at that government employee that is down the street from them, the roads employee that is out there filling up the chuckholes, they want to get at the fat cats or the bureaucrats that are at the top of the heap and I think that is true whether it is state government or whether it is the federal government and I think most of the constituents, most of the citizens of this nation are frustrated because they realize that those so-called fat cats or the bureaucrats, the agency heads, and I am not insinuating that they all fit in that category, but that is the general feeling by the average citizen that those people are insulated, insulated from the cuts, insulated from the various approaches that we use to reduce government spending. We reduce it at the bottom end but we don't reduce it at the top and I am simply suggesting that if we are going to reduce government spending, if it is going to affect the employees' salaries, then it should affect all employees salaries the same, and in spite of what Senator Hefner says, that does not, does not interfere with the ability to issue merit raises, and I repeat that if an agency has people that they can eliminate because of the three percent cut, they have that power and they certainly can do so. I would urge the body's adoption of this amendment.

SENATOR CLARK: The question before the House is the adoption of the Vickers amendment. All those in favor vote aye, all those opposed vote nay. Have you all voted? Record the vote.

CLERK: 16 ayes, 26 nays, Mr. President, on adoption of the amendment.

SENATOR CLARK: Motion failed.

CLERK: Mr. President, the next amendment is offered by Senator Nichol. (Read Nichol amendment (1) found on page 73, Legislative Journal.)

SENATOR CLARK: Senator Nichol.

SENATOR NICHOL: Mr. Chairman, members of the Legislature, every once in while we attempt to do something that seems unfair, and in my opinion, I think we are attempting to do something that is unfair. You will recall that last year, it was this year, in fact, that we had LB 129 which was a tax but it was not a tax on everybody in the state. It was a tax on beer, wine and liquor. It was designed for a specific purpose, to provide services for alcoholism. Now the reason this is unfair in the Governor's budget is that it is a double whammy again. LB 129 is raising approximately \$600,000 more, I should say LB 129 and the other two bills similar are raising \$600,000 more than is presently appropriated. So the general fund is receiving according to the Division of Alcoholism figures approximately \$600,000 more into the kitty than will be spent. Now we are being asked for two additional cuts in the alcoholism program. One is an additional \$600,000. This is the second \$600,000 to be taken away from the appropriations made to the programs. Thirdly we are being asked for a three percent cut on top of that, the revenue from 129. Here is another triple whammy. What I suggest is that we take the three percent, take it like everybody else, but don't hit us three times. It is simply unfair. I don't think it is right. I don't think we should do it. I ask for your support.

SENATOR CLARK: Senator Cullan.

SENATOR CULLAN: Mr. President, members of the Legislature, I rise to support Senator Nichol's amendment. Since I have been in the Legislature we have increased the alcohol taxes three separate times for the purpose of funding alcohol programs. Each time that those taxes have been increased in the last five years it has been the intent to fund alcohol programs specifically. This last two increases in alcohol taxes, LB 260 and last year's LB 129 both were aimed directly at providing additional services because of the fact that the State of Nebraska had decriminalized intoxication. What we did is we decriminalized intoxication without making any provisions to take care of those individuals who formally had been incarcerated. Now we just simply left them on the streets. So we have addressed this specific problem twice

and I think it is unfortunate that these funds with this particular budget cut would not go to the specific objective that the Legislature had in mind. So again I think it is only fair that we restore these funds. The Legislature clearly intended when we increased the alcohol taxes last year that we would provide additional services for alcohol programs because those services are vitally needed because we can no longer take individuals who are intoxicated to jail. Now if we refuse to reinstate these funds, then I hope the Legislature will reconsider its position on decriminalization of intoxication because the current system is simply to allow these individuals to stay in the streets, to get in their cars and there is no doubt in my mind that that is one of the reasons that we have increased highway fatalities since we have decriminalized intoxication but we have got to establish a system of detoxification centers around the State of Nebraska if we are going to address this meaningfully. So I hope you support Senator Nichol's increase of these funds which we had loosely earmarked for this specific purpose.

SENATOR CLARK: Senator Warner.

SENATOR WARNER: Mr. President, members of the Legislature, the amendment I had sometime...it seems sometime ago had three adjustments to LB 8. This was one of them, the \$600,000 for alcohol, and as I indicated in the original presentation, there was some funds unencumbered for \$680,000 and I did support the...because it nets out the same. I did support preserving that alcohol fund which I will again do on this but I want to make it very, abundantly clear that you can only use that \$600,000 one time. You can't fund three \$600,000 costs out of the one amount. Secondly, I will also support one at some appropriate time on aging and I will also support adjustment in adult and vocational ed that are not significant fund transfers in both cases. I would also say while I am on my feet that there should be some amendments made on Select File which will make some adjustments reflecting transfers within agencies between programs which they have indicated would be desirable in order for them to accept those three percent cuts. At some point those things have to be done. But this specific amendment and the two others I mentioned I would support and do support but I again caution you cannot use the money more than one time and I think it is appropriate to use it here.

SENATOR CLARK: Senator Kahle.

SENATOR KAHLE: Mr. President, members, I support Senator Nichol in his effort. If you remember a few years ago when

we passed the legislation that prohibits the officers from picking up drunks and keeping them overnight in jail, I objected strenuously because I knew what would happen out in the rural, small town areas. There is just nothing to do with them and that has certainly been the problem and we had some legislation last year that tried to correct that and that is what the funding was appropriated for, I believe. I met with the South Central Mental Health Board a couple of weeks ago and this is one of their main concerns is that we are not as fortunate as, let's say, Lincoln and Omaha, especially Lincoln. I have been down to their detox center, not as an offender but as an observer, and I can see what a wonderful thing it would be to have some place to take these people when they are found inebriated on the street or wherever they might be but we do not have that kind of facilities generally in my area and they are wondering what in the world to do about it. Now I think it is absolutely wrong to put the tax on the alcohol that these people would consume along with some of the rest of us and then take it out of the program and use it for something else or defer it. So to my notion we need this money especially in outstate Nebraska to provide some sort of a system that we can handle our people who get a little too much alcohol and it is one of the biggest problems we have. It is the largest problem, it is the biggest problem we have with automobile accidents. It is not an adult problem alone. It is a teenager problem and I would certainly hope that we wouldn't fool with this program. I think we need to strengthen it. I am not against putting even more tax on alcohol if it is used for some meaningful thing. I hope we don't get into the rut that we are with cigarette tax where we just tax it so we have some money for other things. Thank you.

SENATOR CLARK: Senator Higgins.

SENATOR HIGGINS: Mr. Speaker and Senators, would Senator Nichol yield to a question?

SENATOR NICHOL: Yes, ma'am.

SENATOR HIGGINS: Senator Nichol, will Douglas County get any of this money for detoxification centers?

SENATOR NICHOL: I understand from the programs that are proposed around eighty some thousand.

SENATOR HIGGINS: Okay, thank you. I just want to point out that the Saint Gabriel's Detoxification Center closed a couple of months ago in Douglas County and our Omaha

Police Department in order to implement LB 87 has called various hospitals in Omaha and none of them wanted to take in the derelicts that are picked up lying in the streets. Douglas County Hospital has said they will take them if they have room for them and one other organization. So when the Legislature passed LB 87 and when they put the tax on liquor, it was my intention also that that money be used for detoxification centers and Omaha desperately needs them so I would urge all the Senators to please get behind Senator Nichol's amendment and vote yes for it. Thank you.

SENATOR CLARK: Senator DeCamp.

SENATOR DeCAMP: Mr. President, members of the Legislature, this may be one of only about two amendments I am going to support. I am doing it for a very simple reason. We had a very clear-cut understanding that we were increasing taxes that go to a specific place and we have taken all that money and run away with it and that is just not right. Additionally, this particular amendment is a fine tuning of the bill that can be accomplished without causing any tax increase, in other words, still passing the proposal that was brought to us by the administration in a form that is I would say 99.9% of what they asked and ordered. So I am supporting this amendment and there is one other fine tuning amendment that has to be put on by I think Senator Labeledz having to do with some preservation of some federal funds and I would urge you all to support these two and see if then we can't get the bill passed in that form. This certainly is just basic equity and fairness. You don't tax somebody, tell them it is going to go a specific place, and then run away with the money somewhere else. So I would urge you to support this particular one and, I repeat, it can be done without altering the bill or causing any tax increase.

SENATOR CLARK: Senator Nichol, do you wish to close? Pardon me, Senator Koch just come on. All right, Senator Nichol, do you wish to close?

SENATOR NICHOL: Mr. Chairman, just briefly, the liquor industry now supports the general fund to the tune in addition to LB 129, to the tune of \$12,700,000 which goes into the Treasury of the State of Nebraska. It seems to me that taking \$600,000 away from a specific program is unfair and laws are designed to be fair. We are perfectly willing to accept the three percent like all others who are accepting the three percent. I move for the adoption of the amendment.

SENATOR CLARK: The question before the House is the adoption of the Nichol amendment. All those in favor vote aye, all

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those opposed vote nay. Have you all voted on the Nichol amendment? Voting aye, Mr. Clerk.

CLERK: Senator Clark voting yes.

SENATOR CLARK: Record the vote.

CLERK: 32 ayes, 3 nays, Mr. President, on the adoption of the Nichol amendment.

SENATOR CLARK: The amendment is adopted.

CLERK: Mr. President, Senator Nichol will now move to amend: (Read Nichol amendment (2) found on page 73, Legislative Journal.)

SENATOR CLARK: Senator Nichol.

SENATOR NICHOL: Mr. Chairman, members of the Legislature, this also is a bill that I think is unfair. The community technical colleges are the only morphadite taxationwise in the state. They receive half of their money, more than half their money from real estate taxes and a portion of it, approximately a third or whatever, from state aid. Now what we are saying is junior colleges, technical colleges, we impose two lids on you, one the amount you can raise from sales and income tax and the other the lid, the only one. Do you see other entities of this nature, well, of course, there aren't any but many entities who receive all of their revenue from the state, the seven percent lid is not imposed on them. I think it is unfair. I think we should remove that. It isn't big potatoes but in my opinion it is another place where the Governor's proposal is unfair. It is the only other one, I think, in addition to the one we just acted upon that seems to be unfair. I ask for the adoption of the amendment.

SENATOR CLARK: Senator Cullan.

SENATOR CULLAN: Mr. President, members of the Legislature, I supported Senator Nichol last time but I am not in a position to support Senator Nichol this time. I think the position he makes on the technical community colleges is a logical one. However, I do believe that the political subdivisions, the technical community colleges are considerably different than the counties or cities or other political subdivisions that you might be talking about because the technical community colleges have the ability if they desire to use it to raise additional revenues through changes in tuition levels. It is my understanding that the state colleges are going to raise tuition

levels approximately \$4. They are considering that to make up the shortfall. Basically the philosophy that the university and the state colleges are going to have to use is that students are just going to have to pay a little bit more of the burden of their own education and I don't think that that is necessarily bad. Education has been awfully inexpensive in the State of Nebraska and I don't think that a small slight tuition raise in this particular area is unwarranted. So the technical community colleges do have the ability to generate additional funds to make up whatever shortfall they have without impacting on property tax owners. I have the tuition levels for the institutions of higher education in the State of Nebraska. The University charges undergraduates \$29.25 per credit hour, nonresident, \$79.25. The state colleges charge \$21.00 for undergraduate and \$36.00 for undergraduate nonresident programs. Nebraska Western Community Technical Colleges charges \$16.25 for residents; Central charges approximately \$19.50 although that varies from one program to another; Northeast charges \$15.00; Southeast charges \$20.25; Metro based on an assumption of an average of fifteen credit hours would charge \$20.25; and Mid Plains would charge \$14.00. So those are not outrageous tuition levels. I think that they could all stand a little adjustment without burdening students and I think that the technical community colleges should be treated much like other state agencies because they do derive a significant portion of their funds from state revenues. So I would disagree that they have been treated unfairly. I think they have other means to generate these revenues. Their tuition levels are very low when you compare them even to other state institutions and they are ridiculously low when you compare them to private educational facilities around the state. So I would urge you to reject this motion by Senator Nichol.

SENATOR CLARK: Senator DeCamp. Senator Warner.

SENATOR WARNER: Mr. President, I rise to oppose the motion, and as I stated earlier, I felt there was \$600,000, we could use it once. This is using it twice or reducing reserve. I have a lot of hesitancy that that reserve as proposed in LB 8 can be further eroded and I think it would be unwise to do so. Secondly, as appreciative as I am of the problems that community colleges have, if you look at the total budget, state aid is about 40% of their support and a three percent cut in that state aid equates to a one percent cut in their total budget and I doubt that with the exception of Western which I would admit as we all know has constant problems in revenues because of the restricted property tax base in that area, there is a problem there no matter what

we do but I do not believe that it is appropriate or necessary to adopt the amendment as proposed by Senator Nichol.

SENATOR CLARK: Senator Koch.

SENATOR KOCH: Mr. Speaker and members of the body, I rise to support Senator Nichol's amendment. I realize there are certain community colleges that probably are not going to be harmed but this body has wrestled with one community college on several occasions because of the inability to create the revenue needed and because of the difficulties of seven percent lids. So there may be some community colleges, as Senator Cullan alluded to, who could make it but I have to defend Western because of the unique problem they have and that amount of money we appropriate in a lump sum we promised to them based upon a weighted formula and their budget was established under rigorous conditions. Therefore, I believe that what we are attempting to do here is proper because that community college has severe financial limitations and we all know that. So, therefore, I think Senator Nichol is very appropriate in this amendment and I do not see where it is going to harm the state to any great degree in terms of its own surpluses. We made a commitment. Community colleges are local agencies. They really are not state agencies. They are local. They are run by a board of governors that are elected and we give them some state aid like we do the public schools. Therefore I think once we made the commitment on state aid to the community colleges, we should live by it and find possibly other areas in our budget that are strictly state agencies where we might be able to make this amount of money up at a later time. So, therefore, I support Senator Nichol and I would hope the body would, too, and I do it primarily for Western Community College which is a system that needs the revenues and can't afford to lose any. Their budget is set and it is very severe. Therefore, let's keep our commitment and support Senator Nichol's amendment.

PRESIDENT LUEDTKE PRESIDING

PRESIDENT: The Chair recognizes Senator Haberman.

SENATOR HABERMAN: Mr. President, members of the body, I rise to oppose Senator Nichol's amendment. You know it is kind of amazing, all these crocodile tears for the community colleges, voc-tech schools, what have you, when this body gave them permission to build buildings from \$100,000 to \$200,000 without a vote of the people, and in

the last six weeks I have made about fourteen speeches throughout my district and the people don't feel that this was quite fair that they should be snookered this way, so I believe the colleges can get along just fine just like everybody else and I ask this body to oppose Senator Nichol's amendment. Thank you.

PRESIDENT: The Chair recognizes Senator Cope.

SENATOR COPE: Mr. President, members, I must oppose Senator Nichol's amendment. I have the nice distinction ordinarily of having a community college and a state college in my district. I believe in the concept of both and do my best to support both of them on an equal basis. Now the community colleges call it state aid. The state colleges, universities call it general funds. To me it is the same, it is the taxpayer's dollar whether we call it one name or the other, and believe me, state colleges, I know, and I know the university, they have the same problems with this three percent cut as the tech colleges, the community colleges have. It is not good and they really have problems and I could cite a lot of those for the state colleges that I am particularly interested in. So, and incidentally, someone said it isn't too large a figure, we can get along with it. Let's look at it. The general funds for state colleges, the total of the four state colleges amounts to \$22 million. The so-called or not so-called, it is state aid but it is still general fund taxpayer dollar is \$19 million so there isn't that much difference. Consider that. So I just think if we are going to have a three percent cut, the pain is equal in all the institutions of higher learning. Let's give each one his fair share of pain.

PRESIDENT: The Chair recognizes Senator Kahle.

SENATOR KAHLE: Mr. President and members, I don't want to speak very long. I have been up too much this morning but there is a little bit of difference, and I don't know whether I liked the terminology Senator Nichol used for the technical colleges or not but maybe he is right, they are a different breed. And I just want to bring out one thing, you know, we have a seven percent lid on the subdivisions of government. The technical community colleges are not exempt from that, and whenever we cut funding from the state level to our community colleges, you tack it onto the local entity that pays the rest of it because they still are going to be able to spend the seven percent. Maybe not in this particular year, I am not sure how this bill if it passes or this amendment would affect their budget for this year, but they certainly next year no matter how we cut the pie will be able to spend seven percent. Whenever the state does not increase

the funding to the technical community college seven percent, they pick it up at the local level which then makes that part of it more than seven percent so you have a balancing act here and I just wanted to bring that out. And I don't believe you are going to squeeze the technical community colleges, only those that perhaps are at the mill levy limit which...or the limit that they can collect from their local entities but it is not the same as the other budgets that we are talking about. So I think what we are doing here is not cutting the community colleges, we are just shifting the burden.

PRESIDENT: The Chair recognizes Senator Sieck. The question has been called for. Do I see five hands? I do. The question then is shall debate cease? All those in favor vote aye, opposed nay. Record the vote.

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

PRESIDENT: Motion carries. Debate ceases. Senator Nichol, you may close.

SENATOR NICHOL: Mr. President, members of the Legislature, just about a half a minute. How much are we talking about? \$578,000. 578,000, just consider that as compared to our overall budget for people who will be making money in the future instead of being dropouts to support our taxes in the future. Senator Cullan, I apologize. I will return good for evil on this bill. I forgot to mention that the other unfairness is the Eppley situation in which Senator Cullan is interested in and you will be seeing an amendment coming on on Select File having to do with the Eppley Cancer Research Center in Omaha. So I apologize to you, Senator Cullan. That also is an inequity and I intend to support you for that and I hope you will see your way clear conscientiously to support me on this. Only again, I urge your support of this for supporting students and I support all universities, colleges, community technical, lower education. I think it is part of our problem, our solution to our problem, and I heartily support this amendment. I urge your support. Thank you.

PRESIDENT: The question then is the adoption of the Nichol amendment to LB 8. All those in favor vote aye, opposed nay. Have you all voted? Record the vote.

CLERK: 14 ayes, 28 nays, Mr. President, on the adoption of the amendment.

PRESIDENT: Motion fails.

CLERK: Mr. President, the next amendment is offered by Senator Warner.

PRESIDENT: The Chair recognizes Senator Warner.

SENATOR WARNER: Mr. President, members of the Legislature, this is the amendment that affects two agencies I indicated way early on that I was willing to support. You may want them split. The first one deals with the Commission on Aging and you should understand what this amendment does. There are two programs in the budget for aging. One deals with their aid. The other deals with the administration costs and the three percent reduction was applied to each, around six thousand in operations, ten thousand for aid. The issue was raised that the reduction aid could have the effect of a substantial reduction in federal funds available and a loss of a substantial amount, around one hundred and fifty thousand as I recall. The amendment makes one program. It would force the Commission on Aging to accept the full sixteen thousand dollar reduction but it would all have to come out of their operations cost. This was a proposal we discussed in committee as one alternative to merge it. We had two commissioners who will continue as members of the commission appear and indicate that they felt that they could absorb the full reduction in operations and that they would preserve the full amount of funds for the aid programs so that the food programs would continue not reduced and no federal funds would be lost but this preserves the Governor's intent of the total three percent. The other amendment deals with adult vocational ed and it would again restore the cuts in those two programs by transferring the cut to driver ed which the Commissioner of Education indicated that there was about ninety thousand and the amount of the change here to a different program is only eighty-six hundred dollars. So it is not material but it does preserve vocational ed, adult ed, to at least have the amount of...qualify for the full amount of federal funds that the original appropriation permitted presuming, of course, that Congress appropriates sufficient money to be utilized to match. And as I understand it, based upon those original bills Congress adopted in July, that would be true but, of course, what they do in the end still remains to be seen. So I would move adoption of the amendment.

PRESIDENT: Amendment on the desk. None? All right, withdrawn. The Chair recognizes Senator DeCamp.

SENATOR DeCAMP: Mr. President and members of the Legislature, I personally strongly support the Warner amendment. In both respects the essence of the amendment is we spend

about fifteen or twenty thousand dollars and save a couple of hundred thousand dollars because of some technicalities and things on federal funds. So I think it is an imperative amendment, that we adopt it. I know Senator Labedz has been concerned about it and she had a version of it. I support the amendment either in the Warner version or the Labedz version or a combination of the two but one form or another it is an important amendment to adopt. It picks up an extra couple of hundred thousand dollars that we will lose otherwise and so I would urge you to do it. It only costs, what, twenty grand or so?

PRESIDENT: Senator Labedz, you are next.

SENATOR LABEDZ: Thank you, Mr. President. I support part of Senator Warner's amendment and I did have an amendment to the amendment upon the desk but I had to withdraw that because I was striking the entire Warner amendment and adding mine on the Commission on Aging. But by doing so I strike the entire amendment and I certainly don't want to do that because I approve of what he is doing. It seems now like I will have to offer the amendment on Select File which I would have preferred to have done today but I would like to explain to you why I do disapprove of what he is doing on the Commission on Aging. The Commission on Aging was appropriated \$207,081 general fund for administration. The three percent cut which amounts to \$7,368 and what he is doing is adding the \$10,716 reduction in aid which would total \$18,084 which is a 8.7% of the \$207,000 for administration. I don't believe that the Commission on Aging should receive that high of a reduction percentagewise for administration compared to the other agencies three percent. So what we are doing is we are raising the operations 8.7 rather than 3 and I object to that. From the figures that I have, the state funding has been increased very small over the last three years. In 1980 it was only \$194,000. And then in 1981 it went up to \$206,000, and in 1982, only \$207,000. The \$6,000 or \$7,000 cut that was originally in the operations costs would result in some services for the elderly, a number of issues on the newsletter Voice, and I don't think that we should more than double the Commission on Aging's reduction of say 8.7 percent when the rest of the agencies are only getting 3 percent. I think it should be a 3 percent across the board and not single out the Commission on Aging for an additional cut. But because I don't have the amendment ready today, I will have to do it on Select File but I thought the information beforehand would be helpful, that we should not increase that over the three percent operations cost as called for in the Governor's budget. As far as the two commissioners that appeared at

the hearing, mentioning the fact that they thought they could live with the reduction, further reduction in operations, I am trying to get the figure from the Commission on Aging because they specifically mentioned travel expense and I would certainly like to see those figures as to whether it is excessive or not or could be cut down, and if it can be, I will be the first one to admit that. Thank you very much.

PRESIDENT: Before we go to the next speaker, the Chair takes pleasure in introducing some guests of Senator Koch, Jim Link and John Link from Reno. They are entertainers referred to as the Links and as a grad of Lincoln High School, the Links, I am sure glad to introduce the Links. Welcome to your Nebraska Legislature. The Chair recognizes Senator Newell.

SENATOR NEWELL: Mr. President, are there many other lights? Mr. President. Mr. President, are there many other lights?

PRESIDENT: Just a couple.

SENATOR NEWELL: I will forego my opportunity to speak in favor of this and let others speak.

PRESIDENT: All right. Senator Haberman, you are next. Senator Haberman, what? Called for the question. All right, do I see five hands? I do. The question is, shall debate cease? All those in favor vote aye, opposed nay. Record the vote.

CLERK: 36 ayes, 0 nay to cease debate, Mr. President.

PRESIDENT: Motion carries. Debate ceases. Senator Warner, would you close on your amendment?

SENATOR WARNER: Again, Mr. President, so it is clearly understood. This is not an increase in any way. It merely transfers the cuts between programs so that the total reduction is identical, and in the case of Aging consistent with the two Commissioners who appeared who said that they would preserve the full use of the federal funds and that they would find the necessary savings in operations to accommodate the merging of the programs and accomplish the two things that were of concern. The other one preserves the adult ed and vocational ed program but not by adding any money but transferring the cut to a different program in which the director of that...the Department of Education Commissioner also indicated that there were additional funds there. So this is not a change of any kind. The amounts are relatively small and...but it does prevent some concern that many people had expressed. So I move its adoption.

PRESIDENT: Motion is the adoption of the Warner amendment to LB 8. All those in favor vote aye, opposed nay. Have you all voted? Record the vote.

CLERK: 42 ayes, 0 nays on adoption of the Warner amendment, Mr. President.

PRESIDENT: Motion carries. The amendment is adopted. Are there any further amendments, Mr. Clerk?

CLERK: Mr. President, Senator Cullan would move to amend the bill. (Read Cullan amendment found on page 74, Legislative Journal.)

PRESIDENT: The Chair recognizes Senator Cullan.

SENATOR CULLAN: Mr. President, members of the Legislature, this amendment is one very similar to the amendment which the Legislature adopted a few minutes ago on Senator Nichol's request with respect to alcohol taxes. As you know, last year we established or increased cigarette taxes by a cent to fund the Eppler Cancer Research Institute in Omaha and to spend \$800,000 additional or \$1.2 million of additional cigarette tax money for cancer research in the State of Nebraska. The Governor vetoed \$800,000 of that \$1.2 million. He indicated that that money could be used to cover other obligations that the state had last year. At that point in time he left \$400,000 in the cancer research fund and I did not object to his veto at that point in time and did not support a motion to override his veto at that point in time because I thought this was the first year of the program and that perhaps it would take some time to get the program initiated and we could operate with some reduced revenues in the short term. But the Legislature I think then intended that the one cent out of the fourteen cents that we assess on cigarette smokers in the State of Nebraska would be used for cancer research and eventually I hope that that full \$1.2 million is restored and I am willing and understand the need to meet some of the obligations of the State of Nebraska but I do believe it would be unwise of us to completely eliminate the cancer research program or to accept the Governor's elimination of the cancer research program at this point in time. I have not been difficult to get along with in this area. I think we could have overridden the entire Governor's veto last year if some of us had gotten behind it but I did at that time not object to the \$800,000 cut but I strenuously object to a full cut and elimination of the cancer research program in Nebraska now. The Department of Health has looked at the rules and regulations. They are considering them. I have submitted some amendments to them for their rules and

regulations so that I think they will pass the scrutiny of the Attorney General and I hope that that process will be completed soon and we will have applications in to the Department of Health soon and we can begin to fund a few cancer research programs in the State of Nebraska this year and I hope that we would not totally abandon the commitment we have made in this area and I hope that we can retain some of these funds for cancer research in the state this year. The philosophy is exactly the same as the philosophy of LB 129 or similar. We should spend some funds from the cigarette tax directly for the benefit of the people who smoke those cigarettes by providing some research in an area that will eventually hopefully result in fewer deaths in this related to smoking diseases and so forth. Again I would urge you to uphold or to support my amendment as you supported Senator Nichol's amendment a few moments ago.

PRESIDENT: The Chair recognizes Senator Vard Johnson.

SENATOR VARD JOHNSON: Mr. Speaker, members of the body, I rise in support of Senator Cullan's amendment. I want to talk for just a couple of minutes about cancer in Nebraska. As you know cancer is the second cause of death in the United States. It is the second highest cause of death in the United States. One out of four Nebraskans during their lifetime will have some form of cancer which is a tremendous number of our population who will be affected by a cancer. We have had in our state the Eppley Cancer Institute operate for a number of years doing research but it has always operated on a relatively limited budget. We have cancer researchers at the University of Nebraska Medical Center and at Creighton University Medical Center who for want of funds are not able to fully understand why it is in some counties in this state we have high incidence of cancer of the colon and why it is that in other counties in this state we have very high incidences of lymphoma cancers. Without any question Nebraska has several real hot spots for cancer that need in the interest of our citizenry to be addressed by very knowledgeable researchers. In addition Nebraska is in a minority of states which does not maintain any statewide registry system and that registry system is a way of our keeping tabs on the incidence of cancer in this state and the degree of cancer preventing activities. Let me talk for just a minute about cervical cancer that strikes many, many women. One of the things that was discovered in the 1950s in New York State as a result of their cancer registry system was that if cervical cancer in women was detected at its earliest stage it literally could be eliminated as a cause of death. It could be treated and eliminated as a cause of death. Because of that discovery George Papanicolaou, I think that is his name, developed the Pap smear to be administered by doctors, gynecologists, obstetricians and the like to women so that the first signs of

cervical cancer could be detected. Now what can happen very simply is this. If we have parts in our state that do not engage in solid public health work informing women to go into their physicians on an annual basis for the Pap smear, there will be some women who will have cervical cancer who will just not have it known to them, and when it is finally detected, it will be so far advanced that it can cause death. Cancer research money can be used in part for public health information purposes. If we put no money into that kind of function, we literally are consigning some citizens in our state to death by cancer and that is something neither you nor I should do. Now as Senator Cullan so aptly points out, \$1.2 million of the cigarette tax money was originally allocated to cancer research, public information and the like. The Governor vetoed \$800,000 of it.

PRESIDENT: One minute, Senator Johnson.

SENATOR JOHNSON: Leaving only \$400,000. I think \$400,000 is good seed money to start the research grants coming in, to allow the Department of Health to sift the wheat from the chaff and to get the ball rolling. But if we eliminate the \$400,000, we literally have no new money coming in to even begin to cause basic type of research in our state for our people. I can guarantee you, as I will speak later during the day, that there are plenty of places where there will be basic expenditure overages, where we won't need to be expending as much money as in the budget. There are places where we will not be needing to spend as much money as in our present appropriation and those savings will manifest themselves during the rest of the year, and without any question, those savings will more than exceed the \$400,000 at issue here.

PRESIDENT: Time is up.

SENATOR VARD JOHNSON: I would ask you to support the Cullan amendment.

PRESIDENT: The Chair recognizes Senator Warner.

SENATOR WARNER: I stand to oppose the amendment. I would call your attention those savings are not yet arrived at so I don't think you had better spend savings that you don't have. Number two, I would remind you that the argument for overriding one of the other bills last session was to use the \$800,000 to fund that override and it was done. Secondly or thirdly, I understand no money has been spent at this point. I do want to say, and believe me, I understand the importance of cancer research, but with a little levity let

me say that I would assume that we can fund Senator...request for these funds out of the four cent increase we will have in cigarette tax next session.

PRESIDENT: The Chair recognizes Senator Haberman.

SENATOR HABERMAN: Mr. President, members of the Legislature, I rise to oppose the amendment. There are millions and millions and millions and millions of dollars presently being spent in cancer research and I favor cancer research. And Senator Johnson cannot stand up and say that if we don't give them the \$400,000 that we are going to cause somebody's death by cancer. He said it but that is not true, that that is not logical argument at all. Senator Nichol's amendment shifted funds and once we start chipping away, once we start chipping away at this budget, once we start changing one item, two items, three items, she is going to blow and we are going to have a tax increase whether we want it or not. I think we should just hold the line, stay where we are. I will vote for the four cents tax increase next year on cigarettes, give some of it to cancer, give some of it to some other things that are coming up but I don't think this is the time to do it so I would ask you to oppose Senator Cullan's amendment. Thank you, Mr. President.

PRESIDENT: The Chair recognizes Senator DeCamp. The question has been called for. Do I see five hands? I do. The question is, shall debate cease? All those in favor vote aye, opposed nay. Record the vote.

CLERK: 26 ayes, 6 nays to cease debate, Mr. President.

PRESIDENT: Motion carries. Debate ceases. Senator Cullan, you may close on your motion.

SENATOR CULLAN: Mr. President and members of the Legislature, since I have been Chairman of the Public Health and Welfare Committee the past three years, we have spent a great deal of the committee's time and I have spent a great deal of my own time working in this particular area. In that period of time as Senator Kahle and Labeledz could tell you and Senator Venditte would tell you very loudly, if he were here, I killed two different laetrile bills, one in committee and one on the floor finally stalled but I spent a lot of time and a lot of research in that effort, not because I didn't want people to have the option to cancer treatment but because I believed that that was not a good mode of cancer treatment and that a lot of people were being ripped off in that process but I made it kind of a priority of mine because I feel very strongly about it, and maybe I

do have as a lot of us do something that motivates me personally in this particular area. When I was a freshman at the Merchant Marine Academy, I had been there two or three months, about three or four months after we had graduated from the Merchant Marine Academy, I received a phone call and that is very unusual at the Academy because they don't allow you to have incoming calls until later in your stay at the Academy and so I went to the phone and I talked to my parents and they told me that one of my best friends from high school, a young man just seventeen years of age was dead and he died from cancer. He had a cancer about the size of a grapefruit removed from his stomach. He died a slow, painful death but that is not so unusual. It happens about three thousand times a year in the State of Nebraska. In the process of the laetrile research which I did, I learned that there are some areas in the State of Nebraska where the support for laetrile was very high, particularly in Senator Kahle's tri-county area. There is very strong support for laetrile in that particular area and that just was very interesting to me and I wondered why there was so much support from that one pocket of the state. So I did a little research with the Department of Health on mortality statistics and I learned that a lot of people in that tri-county area die of cancer for some unknown reason, a lot more people than die in most places in the country, with the mortality rate for cancer several times the national average. And I thought after that that rather than just fight Senator Kahle and Labedz and Venditte on something that I thought was not good, that it is time to take an affirmative step and that is why we introduced LB 506 and that is why we passed it, not to fund general fund appropriations for the State of Nebraska. You didn't vote for LB 506 to increase the cigarette tax to pay for some other purpose. You increased it to fund cancer research. Let's do that now. Let's fully restore the funds later. Let's spend at least one cent of the fourteen cents that we extract from every smoker who buys a pack of cigarettes, let's spend one cent to insure that sometimes that individual may not die as quickly as a result of his own actions. Let's spend a little money in this important area. Thank you.

PRESIDENT: The question is the adoption of the Cullan amendment to LB 8. All those in favor vote aye, opposed nay. Three are excused for your information, Senator Cullan. Have you all voted? Senator Cullan, do you want to have a roll call or a Call of the House or whatever?

SENATOR CULLAN: Mr. President, I would ask for a Call of the House and a roll call vote.

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PRESIDENT: All right. The question is, shall the House go under Call? All those in favor vote aye, opposed nay. The motion is for the House to go under Call. Have you all voted? Record the vote.

CLERK: 19 ayes, 5 nays to go under Call, Mr. President.

PRESIDENT: The House is under Call. The Sergeant at Arms will see to it that those who have not been excused will return to their seats, be at their desks, register your presence. The House is under Call. We are waiting for Senator Pirsch, Senator Kremer and Senator Lowell Johnson. Would all members please return to your desks that are in the Chamber so we know who is here and isn't here. It is very difficult for the Sergeant at Arms to know whom to go after. Senator Cullan, do you wish to wait for the rest of them to be here? Senator Kremer and Senator Pirsch are the ones that are...Sergeant at Arms. Would all members please return to your desks and stay there until we get this Call out of the way. Senator Cullan, Senator Pirsch is on her way. Shall we proceed? Roll call, did you want or what? Roll call vote. All right, Mr. Clerk, you may proceed with the roll call vote.

CLERK: (Roll call vote taken. See pages 74 and 75, Legislative Journal.) 26 ayes, 18 nays, Mr. President.

PRESIDENT: Motion carries. The amendment is adopted. Anything further, Mr. Clerk?

CLERK: I have no further amendments on the bill, Mr. President.

PRESIDENT: Anything further to read in before we break for lunch. Well, do you want to move? All right, Senator DeCamp.

SENATOR DeCAMP: I would move we advance the bill.

PRESIDENT: Motion to advance the bill. Any further discussion? If not, that concludes your closing on it, Senator DeCamp. All those in favor of advancing the bill to E & R Initial signify by voting aye, opposed nay. Have you all voted? Record the vote.

CLERK: 35 ayes, 8 nays on the motion to advance the bill, Mr. President.

PRESIDENT: Motion carries and LB 8 is advanced to E & R Initial. Anything further then to read in?

CLERK: Very quickly, Mr. President, I have a report from the

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Public Health and Welfare Committee reporting on a confirmation hearing.

Your committee on Public Health whose Chairman is Senator Cullan reports LB 7 to General File with committee amendments attached, Mr. President.

PRESIDENT: Senator Lamb.

SENATOR LAMB: Recess until one-thirty this afternoon.

PRESIDENT: It is almost twelve-thirty now.

SENATOR LAMB: Two o'clock.

PRESIDENT: Motion to recess until two o'clock. All those in favor signify by saying aye, opposed nay. We are recessed until 2:00 p.m. today.

Edited by Arleen McCrory.
Arleen McCrory

November 4, 1981

LB 7, 8

RECESS

SPEAKER MARVEL PRESIDING

SPEAKER MARVEL: Does anyone else wish to check in? We need one more. Record.

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

SPEAKER MARVEL: The Clerk has some items on the desk.

CLERK: Mr. President, your committee on Enrollment and Review respectfully reports they have carefully examined and reviewed LB 8 and recommend that same be placed on Select File with the E & R amendments attached.

SPEAKER MARVEL: Okay, the next order of business is LB 7. The Clerk will first of all read the title.

CLERK: Mr. President, if I may right before that, I have received a report from the Business and Labor Committee regarding a confirmation hearing. That will be inserted in the Journal. (See page 77 of the Legislative Journal.)

Mr. President, LB 7 was introduced by Senator Richard Marvel at the request of the Governor. (Read title.) The bill was first read on October 30 of this year, Mr. President, and referred to the Public Health and Welfare Committee. They conducted a public hearing. The bill was advanced to General File this morning. Copies of the committee amendments have been distributed and I believe are on all the members' desks.

SPEAKER MARVEL: Senator Cullan.

SENATOR CULLAN: Mr. President, members of the Legislature, we have distributed to you copies of the committee amendments to LB 7 as well as the committee statement. To understand the committee amendments it is necessary to have a brief overview of what LB 7 does. LB 7 is a bill which was introduced because of change in the omnibus Reconciliation Act, a budget bill that was recently passed in Washington, D.C., and if we fail to pass some version of LB 7 then we do jeopardize federal funds in the area of Aid to Dependent Children Programs and also federal funding for enforcement of collection fees in the area of child support. The basic provisions of LB 7 as it was introduced are as follows: ADC benefits would be terminated at age eighteen unless the recipient was attending a secondary school or receiving vocational or technical training if not in high school and the recipient is expected to finish the schooling before reaching

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PRESIDENT LUEDTKE PRESIDING

PRESIDENT: Prayer by Dr. Palmer.

DR. PALMER: Prayer offered.

PRESIDENT: Roll call. Have you all registered your presence? Senator Cope, would you push the button? Thank you. 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: The Journal is without error this morning, Mr. President.

PRESIDENT: That is wonderful news. Any messages, reports or announcements?

CLERK: Just one item, Mr. President, your committee on Enrollment and Review respectfully reports that we have carefully examined and reviewed LB 7 and recommend that same be placed on Select File with E & R amendments attached.

PRESIDENT: Alright, we are ready then, according to the Speaker's agenda, for Select File, LB 8. Do you want to bring us up to date?

CLERK: Mr. President, LB 8 was advanced to E & R initial yesterday. It was reported to Select File with E & R amendments attached. The first order of business would be to consider those E & R amendments.

PRESIDENT: Okay, is Senator Kilgarin here? Senator DeCamp, would you handle the E & R amendments?

SENATOR DeCAMP: I move the E & R amendments to LB 8 be adopted.

PRESIDENT: The motion is to adopt the E & R amendments on LB 8. Any discussion? If not, all those in favor of adopting the E & R amendments on LB 8 signify by saying aye, opposed nay. The E & R amendments are adopted to LB 8.

CLERK: Mr. President, Senator Beutler would now move to amend the bill.

PRESIDENT: Senator Beutler.

SENATOR BEUTLER: Mr. Speaker and members of the Legislature, this is basically a request for a crumb but a very important crumb to the Workmen's Compensation Court in Nebraska. I believe it is basically to ask for a correction of an oversight. The sum and substance of the amendment is to add \$16,000, about \$16,000 back into the budget of the Workmen's Compensation Court. This part...this was the cut that they took as part of the general 3% cut under the Governor's plan and it is not my plan to nickel and dime the Governor's proposition here this morning. I think this amendment and one other are the only ones that are up but I did get a call from the judges in the court and I think they have a very legitimate concern. Please remember, and this is the important point that the Supreme Court and the District Court, the whole judicial system basically, was exempted from that across the board 3% cut but they did not exempt the Workmen's Compensation Court because that budget, I think, was so small that they simply overlooked it. But the reason that the Supreme Court and the District Courts were exempted, I think they are basically because the personnel costs in those systems are relatively so high and also because of the expanding work loads in a couple of instances. Now the Workmen's Compensation Court like the District Court and the Supreme Court is a court. It does have heavier than usual personnel costs as courts do. 86% of their budget is personnel costs and they also have a dramatically increasing work load. Their work load at the end of this year will be 100% higher than it was five years ago. So they have all of the problems that the Supreme Court and the District Courts have and I think that the exemption, adding back the \$16,000 in their case, would be as justified in this case as it is in the case of the Supreme Court and the District Courts. The chief judge of the Workmen's Compensation Court has checked with the budget officer, the Governor's budget officer and they have indicated that they do not oppose the adding on of the \$16,000. So with your consent I would ask that you approve this small amendment. Thank you.

PRESIDENT: The Chair recognizes Senator Warner.

SENATOR WARNER: First question, I guess, of Senator Beutler.

PRESIDENT: Senator Beutler, will you respond.

SENATOR BEUTLER: Yes.

SENATOR WARNER: You indicated I believe that the Governor's budget officer had no objection to this?

SENATOR BEUTLER: That they would not oppose it.

SENATOR WARNER: That they would not oppose it. I don't know for sure if I know what that means.

SENATOR BEUTLER: Well I think they are taking a neutral stance. I don't think, Senator Warner, that they are saying, yes, we want to add it back in...

SENATOR WARNER: Do you know or would you tell or does somebody know how many amendments the Governor's budget office has a neutral stand on that would add in? You know, the Legislature deserves, I believe, to know how many \$16,000 items we have. Down in the committee I always insist when we get to this point of a budget in a committee that every alternative that anybody has in mind is up on the table to start with for the very simple reason that as we all know, this \$16,000 is no problem. The next one is probably no problem. A hundred of them is a problem and I am exceedingly reluctant, since the body has said so strongly from both sides of the partisan side that they wanted the Governor to have what he wants and, you know, I am now satisfied that that is the will of this body and I cannot support, no matter how much merit there is, a suggestion unless it has come in as a modified proposal from the Governor at this point, based upon what we have done and what many of you have said repeatedly, at least what I have read in the press that you have said repeatedly and I presume meant at the first go around or meant in the Appropriations Committee. I am just concerned that I don't think I can support starting this kind of thing on indefinitely because I know what it will lead to.

SENATOR BEUTLER: I guess the only comment I can make, Senator Warner, is that this is Select File. It is the last time anybody is going to be amending the bill.

SENATOR WARNER: I don't argue that.

SENATOR BEUTLER: There are only two amendments up there, this one and one other and the other one as I understand it doesn't take money. It is a shifting of funds so this is the end of the road.

SENATOR WARNER: I have four or five in my drawer. I don't know how many other people do.

SENATOR BEUTLER: I don't want you to go into your drawers, Senator Warner.

SENATOR WARNER: I don't mind if somebody does. One other

point, Mr. President, and I am going to be reluctant to support it at this time. I think, I have heard so many rumors this morning floating around that there is those that want to further erode the reserve and that is essentially what we are doing here. I am going to tell you, please keep in mind my whole pitch yesterday, contrary to most of the headlines, my whole pitch is if we don't worry about next year, we are creating a tremendous problem which some may want to do but for every dollar that you reserve to reduce those cuts, by digging into the reserve, using up cash will require two dollars to be replaced next year, one dollar to cover the continuation budget, one dollar to replace the money that is gone and if you don't start thinking seriously about preserving some balance to handle the kind of economy that we probably are faced with, the tightness that things are, next year you are not going to be looking at how to expand the budget, you will be looking for deeper cuts than you are looking at now in exact, in requests so I would urge no change.

PRESIDENT: The Chair recognizes Senator Kremer.

SENATOR KREMER: Thank you, Mr. Chairman. Mr. Chairman and members of the Legislature, I've been rather silent the last few days, did not speak on this issue. I do take a firm position in my voting yesterday in supporting Senator Warner in his proposal to the issue before us. I do this because I felt Senator Warner was completely honest in what he was trying to do and all of us here at least know that there is a great difference between increasing taxes and changing the method by which taxes are collected or tax rates. There is a great difference and the public is not understanding that. It is unfortunate the headlines spoke loudly yesterday like they did because the people believe what they read and they think they are right in what they read but there were wrong. Senator Warner was not increasing taxes and the people of Nebraska ought to know that so I supported him. He was honest. Secondly, I was informed this morning that there may be a couple of million of dollars more than we will need for the reserve and maybe that is real good. I had in my office yesterday a gentleman from New York with the Bear Sterns Corporation, a bonding agency, interested in loaning money to the State of Nebraska and in talking to him in the morning I felt that here was a man with a great deal of knowledge with respect to the way that our nation was going, what is happening and what may be in the future for us and I asked him this question. I said, "John," his name is John Hartigan, "John, how serious do you think this thing is?" And he said it is more serious than most of us think. I don't like to think that way. I like to think positive. I think we ought to but in talking to him

we may be facing a rather serious crisis and we may need, desperately need this extra \$2 million. So, Senator Beutler, in spite of the fact that I agree with you on a lot of things, I am going to have to take the position against voting for this. There are those of us here this morning that have been strong supporting of the vet college. I would much rather see that money remain in that area for the simple reason that I feel that if we delay an appropriation for the vet college, we are sending a message to the other states in the Old West Region that is going to be a real concern to them and to us and we are sending the same kind of a message to Washington. I would much rather, Senator Beutler, and I am sure we don't agree on this necessarily, see the money left in there for the vet college. I think in the long term, the long pull, it is going to save the State of Nebraska money to have our own regional vet college. So because of what Senator Warner said and the way I feel now that we may need this money badly and once we start nibbling at this and, Senator Beutler, you probably are right. There may not be another amendment, there may not but in spite of the fact that you are my good friend I am going to oppose you. Thank you.

PRESIDENT: The Chair recognizes Senator Nichol.

SENATOR NICHOL: Mr. Speaker, Mr. President, I will pass for the moment.

PRESIDENT: You will pass. All right then, I will call on Senator Landis. Senator Landis calls the question. Do I see five hands? I do see, yes, I do see five hands. The question is, shall debate cease. All those in favor vote aye, opposed nay. We are voting on shall debate cease. If you don't want debate to cease you know how to vote. Have you all voted? Record the vote.

CLERK: 22 ayes, 5 nays to cease debate, Mr. President.

PRESIDENT: Motion fails. The Chair recognizes Senator Haberman.

SENATOR HABERMAN: Mr. President, members of the Legislature, I rise to support Senator Warner. It is just another nick out of the budget but, however, I did quite an extensive, if you want to call it investigation of the courts about a year ago. I found out how they did their billing and how they bill the employees for the attorneys who work for the courts and from the information that I have, I can assure you they can afford the \$16,000 cut. So I would like to support Senator Warner and oppose Senator Beutler in restoring the \$16,000 cut to the Workmen's Compensation Court.

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Thank you, Mr. President.

PRESIDENT: Senator DeCamp. There won't be any need for it because this is the last speaker, so the question.... Senator Warner, did you want to speak again though? Oh. All right, Senator DeCamp, do you want to let Senator Warner speak? All right.

SENATOR WARNER: Mr. President, I just want to make a very distinct clarification because of the problems that I have experienced in recent days of trying to explain how things are, but not to you ladies and gentlemen because I think all of us understand how things are in here. But when I said I would oppose a cut, I also want to remind you that transfers within the agency between programs resulting in the same cut, I am sure we properly will have some of those between programs. I view that totally different and I hope you understand that if some of those come along, which I would anticipate, because many agencies indicated it, and I also want to point out that there only may be a handful of those that need to be done now. A great many of them can be done in the deficiency bill next time which again is nothing new or big. That is what we do every year, is make internal adjustments within agencies' programs without increasing their budget. So I want it understood that those kinds of amendments are okay. What I am talking about are cuts and there is a far different cry between deferral cuts and adds. They are different things that tend to be treated the same in some of the broadcasts but they are different. So, Mr. President, I just wanted to make that distinction clear so someone doesn't say I said something differently than I said.

PRESIDENT: Senator Beutler, you may close on your motion.

SENATOR BEUTLER: Mr. Speaker and members of the Legislature, there is obviously a tough mood here this morning, but I ask you to think about it a minute. We are talking about...or the argument is made that there is a danger of eroding the tax base. This is the last amendment to this bill...or eroding the reserve is the argument. We will have an adequate legal reserve even if we exempted another million and a half and maybe two million dollars worth of appropriations. So the \$16,000 that is being requested this morning obviously doesn't even begin to come close to eroding the reserve or having any sort of proportion like that. The \$16,000 is a small amount of money to us, but it is a large amount of money to the Workmen's Compensation Court. Of their \$550,000 budget, about \$475,000 of that is for personal services. They have already spent a third

of their budget, so the figures from the court indicate that that \$16,000 represents one-third, a 33 percent cut of their remaining nonpersonnel funds...a 33 percent cut of their remaining nonpersonnel funds. That is quite a cut to a court which is being inequitably treated vis-a-vis the Supreme Court and the District Courts which are both exempted, and mind you no one stood up here this morning and made an argument that somehow the Supreme Court and the District Courts are different from the Workmen's Compensation Court. Nobody said that. Nobody has argued the equity of the situation. I don't think there is a distinction to be made there. Let me remind you also that this court in terms of...is not a burden on the state but is rather a moneymaker to the state, that each year through the fees and assessments that are charged employers and people who use the services of the court, it brings in more money to the state than it takes away. So this, of all the agencies that we deal with, this one shouldn't be looked upon as a burden. It is one that, in fact, financially assists the state, which I think is an added reason not to be so parsimonious about \$16,000. You know, I think a problem we have had with this whole process is that we have not been able in this special session to step back and take an individual look at each agency, and I think that is what we really need to do to be a reasonable body. But I don't think it is right that we sit back and take a miserly position on each and every proposition. I think we have to look to the reason and to the facts. Rejecting this amendment this morning would no more be the right path than being a miser is the right path to heaven. Thank you.

PRESIDENT: Senator Schmit, for what purpose did you...you have your light on. Senator Beutler was closing. Did you....

SENATOR SCHMIT: I will pass.

PRESIDENT: All right. The question then is the adoption of the Beutler amendment to LB 8. All those in favor vote aye, opposed nay. Have you all voted? Record the vote.

CLERK: Mr. President, Senator Apking is voting no. Apparently we have got a problem with her voting station. 10 ayes, 27 nays on adoption of the amendment.

PRESIDENT: Motion fails. The next amendment.

CLERK: Mr. President, the next amendment is offered by Senator Labedz.

PRESIDENT: The Chair recognizes Senator Labedz.

SENATOR LABEDZ: Thank you, Mr. President, and I am sorry for the delay but I didn't think I was up next so I wasn't quite prepared to come up here. But I would like to ask Senator Warner if he would yield to a question.

PRESIDENT: Senator Warner, will you respond?

SENATOR LABEDZ: Senator Warner...

SENATOR WARNER: Yes.

SENATOR LABEDZ: ...are there any other agencies, other than the Commission on Aging that is taking more than a 3 percent reduction in operation?

SENATOR WARNER: Not that I am aware of as you put the question, if you want to...if I am on the witness stand and I'm supposed to say yes or no, why....

SENATOR LABEDZ: Well, what I am trying to get at....

SENATOR WARNER:the answer is not to my knowledge.

SENATOR LABEDZ: Okay, thank you. As I mentioned yesterday when I talked about this amendment that I was waiting for some figures, the Commission on Aging is taking a 3 percent reduction in the original bill in operations and plus the \$10,000 in aid, which the committee so graciously decided it would not do because of the fact that they would lose approximately \$150,000 in federal matching funds, but rather, the way I understand it, transferred the \$10,000 to operations which makes that then an 8.6 percent reduction in aid and I think it is mighty unfair that the Commission on Aging would result in the only agency taking more than a 3 percent cut, and I would like for the members of the Legislature to understand that we are talking about just \$10,000, but their budget for fiscal year was two hundred and some thousand and an additional \$10,000 in operations would certainly create a hardship. And I know Senator Warner mentioned yesterday, and I was at the committee hearing, where Bruce Davis came in and said that they would prefer not to see the \$10,000 cut because of the matching funds and would rather see a cut in operations rather than that. And I know there were other agencies that came in and complained about the same thing that they would prefer not to have an across the board cut. They would be able to justify cutting certain programs rather than one specific program. The Commission on Aging tell me that they were going to have to even with the 3 percent cut reduce their publication, their monthly publication of Voice, which the elderly certainly look forward

to every month. And the fact that Mr. Davis said that he would cut travel expense, I asked the Commission on Aging to give me an accounting of his travel expense for the last fiscal year and it was \$3,147.28, which I regard as extremely very high, but that includes \$403 that Mr. Davis rented a van and also \$541 for an airplane for the Whitehouse Conference on Aging where the members accompanied Mr. Davis. It also includes another airplane rental of \$159. Now I think this is very excessive and certainly Mr. Davis if he thought that he could cut it in the upcoming year, should have thought about doing it in the last fiscal year. I remind you it is a very small amount. It is \$10,000, but it would amount to an 8.6 percent cut where every other agency is only receiving a 3 percent cut, and if we are going to cut, let's be fair about it and make it a 3 percent across the board cut for everyone. Thank you very much.

PRESIDENT: The Chair recognizes Senator Warner.

SENATOR WARNER: Mr. President, again I would rise to oppose the amendment for two reasons, one, Senator Labedz already indicated that the rationale I gave yesterday as well that at least two of the commission members indicated that if they had the...moved out of the aid program, the aid program, the cut moved out of the aid program, they would find ways to get along. I want to also again say that I fully, and we have heard many of you comment on the time problem to do all this, we might as well recognize the principal purpose of the session. It has been said many times, let's avoid the tax rate increase. It has been said many times there isn't probably the time to do all the fine tuning, and I say again that there is no doubt in my mind that in the regular session with the deficiency bill, which is by title by the way, don't...please don't go with the information that I talked about a deficiency bill meaning more money, deficiency by law, just defined as any change or transfer of funds between programs does not mean more money necessarily, and I hate to have to go through this, but I know the written media understands. I want to say that there may be adjustments that will occur then and most of those ought to be done in that bill in February, and if the Aging, in fact, does have a problem we can take care of it then. So I would urge you vote down the amendment.

PRESIDENT: Senator Labedz, you may close on your motion.

SENATOR LABEDZ: Actually there is no closing. I just want to reiterate that the amount is \$10,000 but it is an 8.6

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percent cut in operations compared to every agency that is in the State of Nebraska that is only getting 3 percent. I ask that we be fair and make it an entirely 3 percent across the board cut in operations.

PRESIDENT: The question before the House then is the adoption of the Labeled amendment to LB 8. All those in favor vote aye, opposed nay. Have you all voted? Record the vote.

CLERK: 14 ayes, 27 nays, Mr. President, on adoption of the amendment.

PRESIDENT: Motion fails. The next amendment.

CLERK: Mr. President, the next amendment is offered by Senator Hoagland.

PRESIDENT: Senator Hoagland, the Chair recognizes you.

SENATOR HOAGLAND: Mr. Speaker and colleagues, you should all have just had distributed to your desk a summary of what my amendment would do and the statutory language effectuating it. Now it is really very simple. As you know, the Department of Roads has a budget of \$216 million in total. Of that \$216 million budget \$160 million is for new highway construction statewide and 39 almost \$40 million of that budget is for highway maintenance. Now an additional 9.7 is for highway administration and an additional 7.1 is for services and support. All that totals again \$216 million dollars that the Department of Roads raises from gas tax revenues. Now what this amendment would do is restore what are in my opinion the worst of the cuts, the 8.6 million dollar meat axe 3 percent cuts in all of the state agencies in the state including a \$4 million cut in the University budget. It would also restore the \$600,000 cut in the community college budgets state aid program which Senator Nichol attempted to restore yesterday. So the amendment in short would restore about \$9.2 million in cuts proposed in those two items, again the 8.6 million and the 3 percent meat axe across the board reduction of all state agencies and the reduction of state aid to the community colleges, and substitute that with a one-shot \$10 million transfer from the state highway fund over into the general fund. Now I know that some of you are going to be concerned about the precedent that this sets. I know that Senator Warner has worked long and hard on various statutes involving the Department of Roads, including a variable gas tax program that we set up two years ago. Now if you look at the language I passed out, I think it is clear that we are amending the statutes to permit just

in the next fiscal year a transfer of only \$10 million out of that highway trust fund to make up for all of these other cuts. Now another benefit is that we are only restoring \$9.2 million in cuts and we are adding \$10 million in funds altogether, so we will have about \$80,000 to apply toward the additions that we made on the floor of the Legislature yesterday. Now let me say this in justification for this. I know that some of you are going to be a little surprised at this proposal, but here is why I think it makes sense. This \$10 million represents less than 5 percent of the budget of the Department of Roads. What it will mean basically is that less than 5 percent of the planned road projects in the next year will have to be postponed a year. So in exchange for not having to cut 3 percent out of the budgets of all these state agencies including \$4 million out of the University budget, including over \$200,000 out of the Department of Education budget, including all of the other items that are listed in the Governor's proposal here that we have in this brown folder, why we can simply defer for one year less than 5 percent of the road building projects statewide. I think it makes a lot of sense. I think the way it is drafted it is clear that we are doing it only for one year. Granted, I know some of you are going to be concerned about the precedent that this sets, but as the Governor has indicated I think we are facing a critical revenue shortage at this point, this is an unusual special session, we are having to use unusual devices in order to accommodate the financial needs of the state, and in that kind of situation I think we can take this unusual step just this one time. I would ask you to support this amendment.

PRESIDENT: The Chair recognizes Senator DeCamp.

SENATOR DeCAMP: Mr. President and members of the Legislature, Senator Hoagland had one big error. He said there is no precedent, and he said we might be concerned this would set a precedent. There is a precedent for this identical practice. There is...it's public knowledge. It's one of the most famous precedents ever and it was done by a guy named Lyndon Baines Johnson. Sometime during the Vietnam War he said we can have guns and butter, and his method to do it was he robbed the Social Security funds, the highway trust funds and financed his war and then you had something later called Social Security system in trouble, highway trust funds in trouble, and so on and so forth. Our highways in this state unfortunately if you have driven on them outside of maybe Lincoln or Omaha, are just about the most disastrous in the United States. They need more money, not less. To use the old guns and butter

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trick that Lyndon proved only creates bigger problems later on is not the solution. I would urge you to reject this amendment, to advance the bill as quickly as possible, go home.

PRESIDENT: The Chair recognizes Senator Warner.

SENATOR WARNER: Again I repeat the same argument that will apply to virtually everything here. You do not make a cut, you use some other source of funds. You are going to have to replace that next time with general fund money because of the continuation base that is being maintained, and you are doubling or compounding the problem that we are going to have. It has already been pointed out, of course, that... at least I don't know if any of you went to some of the road hearings, I went to a couple and I did not sense that there was very many citizens that attended those hearings, at least, that felt their road improvement, or more importantly their maintenance ought to be deferred. In fact, I got the impression they wanted to accelerate it considerably. But aside from that, I also would point out that the reduction in construction I would imagine would be substantially more than 5 percent for the simple reason that most of the cut would be made in new construction. I imagine that there would be very little or minimal cut in some of the maintenance operations, snow removal, those kinds of things over which the cost cannot be deferred. But, in any event, to sum up my opposition, it is a bad idea and should not be adopted, and I would hope the body would reject it.

PRESIDENT: The Chair recognizes Senator Haberman. Is Haberman here? The question has been called, do I see five hands? I do. The question then before the House, shall debate cease? All those in favor vote aye, opposed nay. The motion is, shall debate cease? Have you all voted? Record the vote.

CLERK: 26 ayes, 10 nays to cease debate, Mr. President.

PRESIDENT: The motion carries, debate ceases. Senator Hoagland, you may close.

SENATOR HOAGLAND: Let me, Mr. President, just make a couple of points in closing. There has been considerable publicity lately, of course, about how bids for highway construction projects are coming in at 10 percent, 12 percent, 8 percent lower than previously because there are a lot of construction firms that need work and a lot of people that are out of jobs and a lot of contractors, large and

small, are coming in and bidding these things at considerably less than they have ever been bid before in real dollar terms. Now this would cut less than 5 percent out of these projects, out of the total amount of funds that are available for the Department of Roads. And it seems to me that an awful lot of that money could be made up simply in these small bids that we are seeing come in in increasing numbers in recent months. Now let's not lose sight also of the funds that are going to be restored by this particular amendment. If you go down the list of funds that are being cut, the Game and Parks Commission, this will restore \$180,000. I know a lot of you are interested in that, Senator Labeledz and others. Senator Cullan and others, the state college appropriations are going to be restored by \$666,000. Senator Schmit, I know, is interested in the fact that water resource development funds will be increased by \$41,000 in one item. The Natural Resource budget will be increased by \$56,000 in another item. The State Patrol, the Nebraska State Patrol will have over half a million dollars in funds restored so it can carry on with its activities of regulating speed limits and so forth. The Nebraska Crime Commission will have \$15,000 restored. And the list goes on. I know all of us are interested in one item or another to say nothing of the University which will have, of course, substantial funds restored, over \$4 million in funds restored if this amendment passes. Now let's be rational about this, I mean, after all all we are doing is deferring for one year less than 5 percent of the highway projects around the state by taking \$10 million out of a budget of over \$200 million to restore these 3 percent across the board cuts in basic state operations. And now we know that Senator Carsten yesterday...last night he was shown on Channel 7 arguing quite articulately that we can't continue to cut state budgets and agency budgets and various state funds without having a significant loss in state services. Now when you add all of these losses in all these various agencies and put them together, is it really worth more than simply deferring \$10 million in road projects for a year, less than 5 percent out of a budget of over \$200 million? I think if you view this thing sensibly and rationally, this really makes a lot of sense and I would ask you to support it. Thank you.

PRESIDENT: The motion then before the House is the adoption of the Hoagland amendment to LB 8. All those in favor vote aye, opposed nay. Record the vote.

CLERK: 6 ayes, 30 nays, Mr. President.

PRESIDENT: The motion fails. The next amendment, Mr. Clerk.

CLERK: Mr. President, Senator Stoney would now move to amend the bill.

PRESIDENT: The Chair recognizes Senator Stoney.

SENATOR STONEY: Mr. President and members of the Legislature, the net effect of this amendment would be to negate what the Legislature accomplished earlier this year. When we passed LB 207 which increased our participation in the Driver's Education Program in the Department of Education in Public Schools, as you will recall our participation prior to the enactment of this bill was approximately \$40 per student and with the change that was made in LB 207 that amount increased to a level of \$80. Prior to the time that LB 207 was enacted, the state's participation financially in this program was approximately \$800,000 and the funding required under LB 207 is \$1,459,000. So essentially what this would do would be to reduce the budget by some \$636,000. The addition that was made was \$686,400. Earlier with action that has been taken by the Legislature and by the Governor's recommended budget reductions, that amount was reduced to the present amount of \$636,000 which I am attempting to remove with this amendment. Now the rationale for doing this is that I think that it is the responsibility of every member in this body to identify areas where reductions can be made. We are facing, as everyone knows, and I probably need not repeat, very austere times as our economy reflects, and I have difficulty in justifying an increase to any one program that approximates 80 plus percent. Now I believe that Driver's Education is a good program. I agree that people will continue to participate. The net effect if this amendment is adopted is that the amounts that were being paid by parents of those who participated in the program last year might have to be reduced, or rather increased, to balance the reduction that we are making in state participation, but I find very little wrong with doing that. Philosophically I do have some difficulty myself knowing the problems that all subdivisions are facing in funding programs that they have to continue to offer in the public school system exclusively. It's not offered in the parochial schools, and these peoples' taxes are used to subsidize this program for only those students in the public schools, and there are other areas that I am sure that could offer the same training as effectively as the Department of Education does. So again I would ask you to consider...we are not reducing what people had formerly received in the way of funding for this program, but we are just not allowing an 80 plus percent increase in one program when we face the economic turmoils that we are at the present time. So I would ask that you

give full consideration to this amendment and support me in its adoption.

PRESIDENT: The Chair recognizes Senator Cullan.

SENATOR CULLAN: Mr. President and members of the Legislature, I rise to support Senator Stoney's recommendation. I think that we are going to have to stop...start to reassess the position which the Legislature has taken in a number of areas so far as programs in support of political subdivisions are concerned. I think that the state is going to have to take care of a little bit of its own responsibilities and allow the political subdivisions perhaps to deal with their own problems and also consistent with that to reduce the regulations that we impose upon local political subdivisions that force them to spend monies. But in this area we certainly encourage them to develop Driver's Education programs. I think that that is a decision that would be best made on the local level with them establishing their own priorities in this regard without subsidization from the state. Those school systems which believe they have the funds and which believe it is a sufficient priority should go ahead and fund those programs without nearly as much assistance from the state as they have had in this matter. I do think that this is an area where it would be wise of us to cut state spending and to direct those funds perhaps in the next budget cycle to something we believe is more importantly a state rather than a local responsibility. I support Senator Stoney's proposal.

PRESIDENT: The Chair recognizes Senator Koch.

SENATOR KOCH: Mr. Speaker and members of the body, I remind the two gentlemen who have preceded me, Senator Stoney and Senator Cullan, that the amount of money that we extracted from increased cost of licenses was earmarked to help support the cost of Driver's Education in the public schools. Those budgets were established, established in good faith that this body was going to meet their obligation, and for Senator Stoney who has implied that the cost and what we have given them has increased dramatically, I would remind you that since the early sixties we were providing \$40 per student who completed the course in defensive driving. Now we are going to give them a sum total of \$80. That is our commitment under the past legislative law if they have Driver's Education. The state average cost for Driver's Education, and we showed these figures to you in April of this past year, the costs to the state were about \$152 per student to carry on that program.

So we are still not meeting much more than half the costs. Senator Cullan yesterday gave a dramatic, stirring, emotional talk on one of his pets which I supported and believe in and that is earmarking certain syntax for the research in cancer and heart related diseases, and he was so dramatic and emotional that he was able to stir this body to 26 votes, mine being one of those. So one more time Senator Cullan, it's nice for him to step on someone else's turf, but since I am Chairman of the Education Committee I am going to have to defend that committee's decision and the decision of this body not too many months ago where we said to the public schools, if you provide Driver's Education, we are going to try to refund you at least half the cost in carrying on that program. So, therefore, I don't believe that we should be subsidizing general funds from an earmarked source that we here in the Legislature passed last April and use it that way. It is earmarked for Driver's Education and any excess funds from that are to go to general fund so let's live with that decision. Thank you very much.

PRESIDENT: The Chair recognizes Senator Vickers.

SENATOR VICKERS: Mr. President and members, I, too, rise to oppose Senator Stoney's amendment for basically the same reasons that Senator Koch just enumerated. Again, as most of you recall, we did increase the license charges that we charged the people of this state specifically for this purpose, specifically for Driver's Education. Now under Senator Stoney's amendment what we are going to be telling them is, sorry folks we increased those license fees but it is going to go to the general fund. At the same time, at the same time, those school districts that are providing Driver's Education and whether or not that is a good idea is a completely separate issue, that decision is made by the local school boards, and those programs are there, the school boards have planned on the funds that we told them we were going to send them, now suddenly we don't send them those funds, guess who pays the difference...guess who pays the difference. Well, obviously, it's the property taxpayer. It's going to have to go right back on the property taxpayer to make up for those differences that we are not going to send down to the local schools. So we go back to the age old argument of whether or not we should return some of the peoples' monies back to them, whether or not education should be financed at least partially by the sales income tax, or whether it should be financed more and more by the property taxes. The decision is very clear it seems to me, that we have made the commitment to send those dollars back to those people for them to use as they see fit for this area...in this area based on a use tax and I think we

should honor that commitment. I urge the body's rejection of the Stoney amendment.

PRESIDENT: The Chair recognizes Senator Cope.

SENATOR COPE: Mr. President and members, I would oppose Senator Stoney's amendment. With the traffic fatalities that we have in Nebraska this year, last year, the year before, increasing all the time, I don't honestly believe that we can afford to cut funds that were authorized by this Legislature just this past session. Now this is the important age, I believe, for training the high school age right at this spot where young people begin lifelong habits in driving a car. Now I'm not saying they can't learn how to drive some other way, but I am saying that education the proper way is just bound to help cut down fatalities, accidents, in years and years to come. Think of the costs just in dollars of the deaths, the agonies, also the property damage and, of course, the cost of the people who are injured and not killed. Now I am not going to repeat what Senator Koch says, but it is certainly justified. This is a tax on our registration. The people who drive cars are paying for it. So I would certainly ask that you oppose this amendment.

PRESIDENT: The Chair recognizes Senator Apking.

SENATOR APKING: Mr. President, I just want to add that this is....we are right now dealing with funds that have been designated for places that are under the 7 percent lid. School districts have set their budgets as of September 1st. They have hired the teachers. They have leased the cars. And they are under a 7 percent lid. If we take this money away from them now, it is going to have to come from somewhere else and ultimately it could be textbooks. Thank you.

PRESIDENT: The Chair recognizes Senator Vard Johnson.

SENATOR V. JOHNSON: I am going to rise in opposition to Senator Stoney's amendment, but not because I think he is doing a bad thing. I think instead that Senator Stoney is bringing to us exactly the kind of things that should be brought to us as we go through a session dealing with the budget. You know, what is a problem to this state i.e. revenues is also a tremendous opportunity and the real opportunity is for the State of Nebraska not to cut back all the agencies by 3 percent, but instead to cut back those programs that have outlived their usefulness and those programs that no longer provide the kind of benefits

to us that we want to have done. Now that requires a great deal of reflection and care on our part. I think Senator Stoney has touched on a program that could have outlived its usefulness, but we don't know that to a certainty. There was an article that appeared in the Omaha World Herald several months ago discussing a study done by some think tank, as I recall, on the east coast which to my surprise said that driver's education programs tend to increase, believe it or not, the fatality, property damage and personal injury rate among teenagers. Why? Because when teenagers go through a driver's education program, they complete that program with the false notion that they are now good drivers and so they get on our highways and the roadways and because they are young people and because they are not experienced drivers, they do have the accidents. Now I found that to be a surprising article. But in light of that particular finding it seemed to me that it would be in our state's best interest to reexamine the whole Driver's Education program. It might well be that we would want at this juncture to disband that type of an offering. But I am not prepared to do it today. I think again...I think again that what we need to do, and this would be my position consistently throughout this session, is there should not be a rush to judgment on cutting back funds across the board. Instead we should realize very simply that we are faced with a new economic climate and during the course of the regular session we should carefully screen out those programs that no longer are of great use and utility to us, that have high cost in relationship to benefit and we can clearly find the kind of money that we need...that we need to continue to make this state a great state. I do think we would act too hastily at this time in approving Senator Stoney's amendment. On the other hand, I would encourage all of us to recognize that during the next regular session we genuinely ought to take a full look at the Driver's Education program.

PRESIDENT: The Chair recognizes Senator Barrett.

SENATOR BARRETT: Mr. President, I move the previous question.

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

CLERK: 27 ayes, 2 nays to cease debate, Mr. President.

PRESIDENT: The motion carries, debate ceases. Senator Stoney, you may close.

SENATOR STONEY: Thank you, Mr. President. Members of the Legislature, in response to some of the comments made by colleagues here in the body, I would like to say in rebuttal to what Senator Koch has said relative to budgets being established, et cetera, that a number of agencies and commissions of state government had established their budgets and we are looking to them for their participation in the budget reduction in their particular area. Now I know that the average cost of providing this service to a student is approximately \$152 a year. The state was subsidizing that amount by \$40 making the net effect of \$112 the responsibility of the parent. And, ladies and gentlemen, for a program such as this, where does the bulk of that responsibility lie? Does it lie with the parent, or does it rely with the taxpayer? The net effect will be for a parent that with this funding who would pay \$72 for their child to participate in this program, they would pay what they are presently paying, approximately \$112. In response to Senator Vickers' comments, this is, indeed, a general fund appropriation. It was included in the budget. It was taken from general fund dollars. It may have been earmarked for that program, but it is my understanding that one of the reasons that we are here is to search for areas where reductions can be made in the budget. And again I will say that this is one area that I was able to identify. I think with the economy the way that it is, it is very difficult for me to feel comfortable with a program that received an increase in funding of 80 plus percent. I see nothing wrong with the parents paying the additional difference for their child to participate in this program. I appreciate Senator Cope's remarks regarding traffic fatalities. I have no figures that would indicate that those that participate in the Driver's Education program have a better record relative to property damage, injuries, deaths, than those that do not participate. I would say that we should focus on drunk driving among young people. I would think that that results in damages to property, to lives, much more than those that have not participated in the Driver's Education program. Again, ladies and gentlemen, it is a decision that we must reach. What responsibility does the state have in providing a service such as this to those in the public schools? I feel very confident that the majority would believe that it is the parents' responsibility rather than the taxpayer per se and would request that you would support me in adopting this amendment so that we could reduce the budget by an additional 600 thousand plus dollars. Thank you.

PRESIDENT: The Chair recognizes Senator Wagner. Oh, okay, pardon me, I was going to...Senator Wagner was standing up

there ready to talk too. No, Senator Stoney has closed. No, you have closed. The question then is the adoption of the Stoney amendment on LB 8. All those in favor vote aye, opposed nay. Have you all voted? Record vote has been requested. Proceed, Mr. Clerk, record the vote.

CLERK: (Read the record vote as found on page 87 of the Legislative Journal.) 13 ayes, 28 nays, Mr. President.

PRESIDENT: The motion fails. The next amendment, Mr. Clerk.

CLERK: Mr. President, the next amendment is offered by Senator Fowler.

PRESIDENT: The Chair recognizes Senator Fowler.

SENATOR FOWLER: Mr. President and members of the Legislature, I have had the amendment handed out to you and it deals with the area of higher education in the State of Nebraska, the technical colleges, the state colleges and the University. In the Governor's proposal there is revenue left above the 3 percent reserve. Even with the amendments of Senator Nichol and Senator Cullan, we still have considerable money above the reserve, about 2 1/2 to 3 million dollars. What my amendment would do is to take some of those dollars and lessen the size of the cut that higher education is experiencing in the bill, still allowing about \$700,000 in the reserve so that when the Board of Equalization meets in November, they would not have to raise the tax rates. Now the 3 percent reserve does not seem to me as a sacred number except that it is written in the law, and to go above the 3 percent reserve a little bit above that seems unnecessary. Governor Thone, himself, indicated that he felt the law should be changed, that we should go down below 3 percent at some date. So I see no reason that there is any argument for prudence in staying above 3 percent if the Governor thinks himself that 3 percent is artificially high. I think that we could take this revenue that basically is there and use it towards higher education, not trigger a tax rate increase and yet lessen the impact of budget cuts on higher education. Senator Nichol gave a very strong argument yesterday about the technical community colleges, and I think, in fact, that it was a very effective and important argument. The same argument I think could be applied to our state colleges and to the University of Nebraska. The economic situation in which we find ourselves is not something of just immediate occurrence, and to pull ourself back out of that takes a bit of a long range vision. Education is one of the foundations upon which our economic productivity is based. The

Land Grant College system is something that the United States is very proud of, that when states were settled, one of the first things that was opened was the university to provide the education to build the state and the community. What I am suggesting is that we protect higher education from the 3 percent a little bit, that we take some revenue that is there and utilize it this year rather than have it lie idle, that we use it for higher education and we can do this without a tax rate increase. I would move this amendment.

PRESIDENT: The Chair recognizes Senator Warner.

SENATOR WARNER: Mr. President, again briefly, as I have done a time or two on this floor when it came to education opposed something that I believe in very strongly, but this is not the time for this amendment either for the same reasons that were given on every other one. You cut down that reserve, you are going to compound the problem. It costs you two dollars for every one dollar you dig into it, or you have to find it somewhere next time, and I would urge that you would not support this amendment at this time.

PRESIDENT: The Chair recognizes Senator DeCamp.

SENATOR DeCAMP: Mr. President and members of the Legislature, I respectfully oppose the amendment the same as Senator Warner, but I would add one additional fact, or that I think before 48 hours have passed will become a fact, and it goes something like this. On the front page of the World Herald we read that there was maybe somewhere between two and three million dollars supposedly of additional money that we could play with and that is what Senator Fowler is operating on that basis. The prediction is before you are 48 hours older you are going to discover that that two million has disappeared too when the figures come in on the October taxes. I have got a funny feeling that the first big shock is going to hit about the time you get those numbers, and that two million is going to be gone.

PRESIDENT: Senator Fowler, you may close on your motion.

SENATOR FOWLER: Mr. President, Senator DeCamp may be right in that that two million may be gone, in fact it may be closer to the fact that four or five million may not show up in October if Peter Kiewit had not passed away and endowed the state with his revenue. It seems to me that the fine tuning that we are being asked to do on numbers that we do not yet see is an impossible task. All we can operate on is the reserve figures, the revenue figures that

that the Board of Equalization reports currently reflect. Now I know as well as Senator DeCamp those numbers can change. They can change quickly. They can change often. They can change \$23 million up or down with no problem. But all we can operate on at this point to make a decision are the October revenue figures as provided, and as often as Senator DeCamp is right as to what is going to happen in the next 48 hours, I just cannot base budget decisions on Senator DeCamp's predictions. I remember Senator DeCamp 18 months ago said the Ayatollah Khomeini would not live. The Shah is dead. Bani Sadr is out of Iran and the Ayatollah is still there living. That was one of Senator DeCamp's famous predictions. So we just can't base budget decisions on those types of predictions. We are just going to have to use the numbers that the Board of Equalization provides in their report, and those numbers in that report says there is still two and a half million above the reserve that could be utilized. What I am suggesting to this Legislature is that that reserve money, the money above the reserve, some of that be utilized for higher education, because I think at this economic time this country needs a sound system of technical community colleges in communities like Scottsbluff and North Platte and South Omaha and Fairbury, Norfolk, across the state, that in times like this that we need a sound system of state colleges in Chadron, Peru, Wayne, and Kearney... sorry, Senator Cope, I almost forgot Kearney. We need those state colleges, that we need the technical school at Curtis, that we need the ag experiment stations, that we need the Institute of Agriculture to be strong, that we need a good medical center and that we need a good University in Lincoln and Omaha. In these economic times higher education is important. For this reason, based on the numbers that are before us now, again I just have to discount Senator DeCamp's predictions for the time being. Using the numbers before us now, we can fund higher education a little better or cut it a little less, is a better way to phrase it, cut it a little less and still stay above the sacred 3 percent reserve that will only be sacred until January when we can get in to amend the statutes. I would ask for a record vote, please.

PRESIDENT: All right, record vote has been requested. The question before the House is the adoption of the Fowler amendment to LB 8. All those in favor vote aye, opposed nay. Record the vote and a record vote has been requested.

CLERK: (Read the record vote as found on page 90 of the Legislative Journal.) 8 ayes, 32 nays, Mr. President, on adoption of the amendment.

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PRESIDENT: The motion fails. Any further amendments, Mr. Clerk.

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

PRESIDENT: The Chair recognizes Senator Goodrich for purposes of a statement of explanation.

SENATOR GOODRICH: Mr. President and members of the body, during the course of the two day hearings that we held on this...the budget committee held on this particular bill, several of the state agencies came in and they requested, for example, we can take the cut but let us have the flexibility to take it where we can do the least damage to our operations. The budget committee actually voted unanimously to introduce this kind of a motion, but.... make this kind of a recommendation rather to the floor of the Legislature. After we decided that though and there was a number of state agencies that chose not to come to visit with the budget committee because that would just take whatever the cuts were handed to them and let it go at that, but later on when this idea surfaced of giving flexibility to the agency to take the cut where they could do the least amount of damage to their operations, some more of the agencies came in directly to the Governor's office and asked if they could be included in it. We instructed our staff to draft the amendment that would give the flexibility but the Governor's office said, well, let us draft the amendment and we can add these other agencies in that have come directly to us and not to the budget committee. So we said, okay, go ahead and draft it. But in the process of shortness of time here, it has not been properly drafted yet and the point we want to make is that we are going to look between now and January, we are going to be looking at this flexibility motion and we are going to draft it in proper form and then come back in January and actually do it. So we will actually be coming back in January with an amendment to this particular bill to give those agencies the flexibility and with this statement on the floor they can rest assured that we intend to do that, at least the budget committee will make the recommendation on the floor and the floor can decide the issue. But in the meantime, because of the press of time we just can't get it done properly for consideration at this time. I am going to yield now to Senator Warner who wants to make a comment on this same subject, and let the agencies take this particular statement as their assurance that we are going to come back and try to do what they want us to do.

PRESIDENT: The Chair recognizes Senator Warner. Senator

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Warner, did you wish to comment on the statement of Senator Goodrich?

SENATOR WARNER: Well, I would concur, I think, with what he said. Under the circumstances I think it would be best to make those kind of adjustments I referred to earlier in that "deficiency bill" between programs and so I would support that.

PRESIDENT: Senator Schmit, did you have a question on this matter? Senator Schmit.

SENATOR SCHMIT: Mr. President and members of the Legislature, I don't have a question on this issue but I just wanted to be sure that I had a chance to speak on the bill before someone moved it. So I will pass at this time.

PRESIDENT: All right, we are at that point so why don't you just continue because this...go ahead because that's where we are.

SENATOR SCHMIT: Okay, I would like to call attention... I have been visiting with Senator Warner relative to the title of the bill, LB 8, if you will read on the second page of the bill, there is language that says to remove a provision relating to the proposed regional college of veterinary medicine and to repeal the original section. Senator Warner assures me that the language does not have a double meaning, that the purpose of the bill as drafted is to defer the appropriation for the school of veterinary medicine, and I wonder if I could ask Senator Warner if he would have any objection to amending the title of the bill. Mr. Johnson has just gone down to the bill drafter's office now to defer a provision, if that would make any difference or if that would clutter the language. What do you think, Senator Warner?

PRESIDENT: Senator Warner, would you respond?

SENATOR WARNER: I don't know if I want to get my cup in Emory Burnett's bucket on title drafting. Any clarification that would be acceptable to be consistent with the provisions of the bill, I see no problem with. The only thing in the bill is striking dates and reinserting new dates and if there would be more comfort, I have no objection. You know, that's strictly a technical question as far as I am concerned.

SENATOR SCHMIT: I have to agree with you, Senator Warner,

I am not a technician either and I don't know the reason why the language would be different. I noticed in the earlier portions of the title, it refers to deletions and reductions and etcetera, and this refers to a removal, and I guess at this time if we are going to move the bill, I would offer an amendment, Mr. Clerk, to strike the word "remove" and say "to defer". And I do so reluctantly because Mr. Johnson is checking with the bill drafter's office now and I don't want to do something which we do not want to do. But I certainly think that it is perhaps an error on the title. So I would offer that motion, Mr. Clerk.

CLERK: Senator, may I....you want to strike the word "remove" and insert "defer", is that right?

SENATOR SCHMIT: Right.

CLERK: Okay. Mr. President, Senator Schmit would move to amend the title of the bill by striking the word "remove" and insert the word "defer" with reference to the veterinary college.

PRESIDENT: All right, have you got that amendment, Mr. Clerk?

CLERK: Yes, sir.

PRESIDENT: So the Schmit amendment changing "remove" to "defer", right? That's the only thing in the amendment. Senator Kahle, did you wish to discuss the amendment?

SENATOR KAHLE: Mr. President and members, I think this is an essential change that needs to be made. In looking over the vote from last spring, we find that there were 35 members of this body that voted for the promotion of a college of veterinary medicine in our state. Since then we have done a great amount of work, those of us that are interested in it, the industry and others, to see if that can be accomplished. Work is being done in other states, in our state and in Washington right now to see if the three things that all of you are familiar with can be accomplished. I think it would be a terrible mistake right now to send out a signal that we are changing our minds and that we are not going to go ahead with it. That may well happen later, I am not predicting any great success. But I would certainly think that the wording should be changed so that at least we send out a signal that we haven't scuttled the whole thing and that we are still interested in trying to accomplish what 35 of us said we

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would do last spring. So I think that this is an essential change and I certainly support Senator Schmit. Thank you.

PRESIDENT: Senator Schmit, will you close on your amendment then?

SENATOR SCHMIT: I have no closing, Mr. President. Thank you.

PRESIDENT: The motion is the adoption of the Schmit amendment. All those in favor vote aye, opposed nay. Have you all voted? Record the vote.

CLERK: 31 ayes, 4 nays, Mr. President, on adoption of the Schmit amendment.

PRESIDENT: The motion carries. The Schmit amendment is adopted. Anything further?

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

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PRESIDENT: All right, the Chair recognizes....seeing no further speakers, Senator DeCamp, I will recognize you for closing on the motion to advance.

SENATOR DeCAMP: Mr. President and members of the Legislature, right or wrong this session has been cast into the formula of either come here and have a tax increase or come here and take action under the Governor's plan and prevent any tax increase this year and next year. One of the first things that I learned in Vietnam was that before you could ever be a leader you have to be a very good follower, and because this is the Governor's session, because under the Constitution he had the power to call it, I have tried to follow the orders and instructions and program he offered for the economy and future of the State of Nebraska for the next 18 months or thereabouts. I sincerely hope the proposal that we would pass if we advance this onto Final now, I hope it works and I mean that in all sincerity. However, I do want to say I express grave personal reservations about the analysis of the economy of Nebraska now and in the future by the officials that are providing the Governor the information upon which he is taking this action. I regretfully believe that we may be entering something more akin to a depression than a mild recession and that if that does indeed occur, we will know it pretty well by February and March and we may have to take some very dramatic action. What we are approaching here, what we are doing here is the conservative approach as proposed by the Governor and it is in the line of the Reaganomics which now is the mode of the country and hopefully and prayerfully it all will work. However, remember this, Nebraska's agricultural economy is probably at its all-time low, possibly even worse than some of the conditions in the depression. Our construction and housing industry is as low as it has ever been. The natural gas and utility increases that are coming in January are going to devastate this state like nothing else, and it is very possible that we could see ourselves in a full scale, full blown depression by next year. Should that occur, I hope there are those in here who having followed the leadership at this point to take the conservative approach will at least give strong consideration that there may be other approaches completely the opposite that may be necessary to bail this state out. If the Thone plan is correct and works, everything I am saying here becomes meaningless and moot. If, however, the economic conditions do develop, I repeat, I think then we have to be ready to consider far different solutions to put the people back to work, to get the engines going, to save our agricultural machine, to make this state survive. I urge you to advance the plan. If it's the leadership we

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have at this point, it's the plan that we have for the next 12 or 15 months and it is the plan that hopefully will solve the problem. You can only have one leader at a time, that leader at this time is the Governor. We have his plan. I urge you to try it out.

PRESIDENT: The motion then is the advance of LB 8 to E & R for Engrossment. All those in favor vote aye, opposed nay. Have you all voted? We'll give everybody a chance to be on record. Record the vote.

CLERK: 41 ayes, 4 nays, Mr. President, on the motion to advance the bill.

PRESIDENT: The motion carries and LB 8 is advanced to E & R for Engrossment. The Clerk may read some matters into the record.

CLERK: Mr. President, new resolution, LR 6, offered by Senators Schmit, Cullan, Johnson, Chambers, Wesely and Labeledz. (Read LR 6 as found on page 91 of the Legislative Journal.) Mr. President, that will be laid over pursuant to our rules. Also, Mr. President, I have explanation of vote from Senator Haberman. (See page 91 of the Legislative Journal.)

PRESIDENT: I guess we are ready then for LB 7 on Select File. Are there some E & R amendments?

CLERK: Yes, Mr. President, LB 7 was reported to Select File this morning. There are E & R amendments pending.

PRESIDENT: Senator Cullan, will you handle the E & R amendments?

SENATOR CULLAN: Mr. President and members of the Legislature, I move that the E & R amendments to LB 7 be adopted.

PRESIDENT: All right, motion is to adopt the E & R amendments on LB 7. Any discussion? All those in favor of adopting the E & R amendments on LB 7 signify by saying aye. Opposed nay. The E & R amendments to LB 7 are adopted.

CLERK: Mr. President, Senator Schmit now moves to amend the bill and his amendment is found on page 79 of the Journal.

PRESIDENT: The Chair recognizes Senator Schmit.

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

CLERK: Senator, it's the one that says, "strike original Section 3, page 6, strike line 22, renumber the remaining sections".

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RECESS

PRESIDENT LUEDTKE PRESIDING

PRESIDENT: The Legislature will come to order. Indicate your presence please. Will everyone register your presence? Record the presence, Mr. Clerk.

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

PRESIDENT: A quorum being present, do you want to read some matters in?

CLERK: Yes, Mr. President, if I may, your committee on Enrollment and Review respectfully reports that they have carefully examined and engrossed LB 7 and find the same correctly engrossed and LB 8 correctly engrossed. Both signed by Senator Kilgarin as Chair.

PRESIDENT: Mr. Speaker, do you have any instructions for the next matter to be taken up?

SPEAKER MARVEL: It is my understanding that there is general agreement that the next item of business has to do with resolutions and you will have to make the decision as to which are laid over and which are not and I have discussed this with as many people as I can find, and since we are getting down to the end of a very difficult session, I think there will be cooperation so that the resolutions will be discussed but only discussed and not in great detail. So with those remarks, Mr. President, I guess you would start with LR 1.

PRESIDENT: Senator Beutler, for what purpose do you arise?

SENATOR BEUTLER: Mr. President, I move to adjourn until 9:00 a.m. tomorrow morning.

PRESIDENT: The motion to adjourn takes...there is no debate other than the Speaker may debate the propriety of it at this point if he wants to.

SENATOR BEUTLER: A point of order, Mr. Speaker.

PRESIDENT: Yes, sir.

SENATOR BEUTLER: Has all the business with E & R been finished?

PRESIDENT: Yes.

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LB 7, 8

SENATOR BEUTLER: Is there no further business with regard to LR 7 and LR 8?

PRESIDENT: LB 7 and LB 8, everything as I understand has been taken care of. Is that right, Mr. Clerk?

SENATOR BEUTLER: All business being finished on LB 8 and LB 7, Mr. President, I renew my motion to adjourn until 9:00 a.m. tomorrow morning.

PRESIDENT: All right, Mr. Speaker, you are the only one that can address yourself to this. There is no other debate. There is no debate, gentlemen. Ladies and gentlemen, there is no debate. Senator Dworak, for what purpose do you...

SENATOR DWORAK: A point of inquiry.

PRESIDENT: Yes.

SENATOR DWORAK: Has the letter Senator Warner has been waiting for come across?

PRESIDENT: That is a proper question. Senator Warner, did you hear the question?

SENATOR DWORAK: The Attorney General's letter that he indicated was coming, has Senator Warner received that letter?

PRESIDENT: Senator Warner, did you want to answer that?

SENATOR WARNER: I have not received a response. I do understand that two or three other legislators had written something previously and mine specifically was on the bill as it was amended including this morning's. I don't know if the other ones...or not. Senator Nichol, did you...?

PRESIDENT: Senator Nichol, this is all about matter of answering this question of Senator Dworak's. Senator Nichol.

SENATOR NICHOL: Yes, I am answering to Senator Dworak's question. I contacted the Attorney General's Office about five minutes ago and they have completed their report back to us on the rules as to what the Governor can veto and our override veto and so forth. And the Attorney General is ill today and at home but they have taken copies home and he is going to act on it shortly and they thought it would be back in a little while, like a half an hour or so, and as soon as they get them back, they will call the office

November 7, 1981

LR 2, 5, 6
LB 8

SPEAKER MARVEL PRESIDING

DR. PALMER: Prayer offered.

SPEAKER MARVEL: Record your presence please. Record the vote.

CLERK: Quorum present, Mr. President.

SPEAKER MARVEL: Are there corrections to the Journal?

CLERK: I have no corrections, Mr. President.

SPEAKER MARVEL: Are there any items under number four?

CLERK: Mr. President, one more item, LR 2, 5, 6 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 LR 2, LR 5, LR 6. Senator Koch, your light is on.

SENATOR KOCH: Mr. Speaker, a point of personal privilege.

SPEAKER MARVEL: Will you state the point to the Chair please.

SENATOR KOCH: Yes. Prior to the time of our voting on LB 8, I want to explain to this body, for the record, my vote. My vote is going to be negative, not because I do not realize the fiscal problems of this state but because I am still upset by the fact that we did not adopt the Warner amendment. Had we adopted that amendment I would have voted aye for LB 8, because that is the only way to face the future.

SPEAKER MARVEL: Will you all return to your seats so that we can proceed with Final Reading. Okay, there is a motion on the desk. The Clerk will read the motion.

CLERK: Mr. President, Senator Fowler would move to return LB 8 to Select File for specific amendment. That amendment being to strike the enacting clause.

SPEAKER MARVEL: Chair recognizes Senator Fowler.

SENATOR FOWLER: Mr. President, members of the Legislature,

one of the questions that I think obviously we have all been asking deals with, as you look at appropriations you have to look at the question of revenues as I'm sure you know I and other senators have had questions about the revenue projections that were done in June. There were questions that I asked extensively in the Monday morning appropriations committee of Fred Herrington and Don Leuenberger. Due to limitations of time it was not possible to pursue that question at a greater length in the Appropriations Committee but it was Senator Lowell Johnson who suggested that perhaps Fred Herrington could share further information with me if I would make the request of him. Mr. Herrington agreed to Senator Johnson's suggestion and I picked up on it and yesterday morning spent some time with Fred Herrington, in his office, looking through files and information with regards to the June projection. Let me say that Fred Herrington was more than gracious and more than cooperative. Looking through the information there are numerous things in revenue projections, but one of the more interesting, I thought, were notes taken by Department of Revenue staff in a meeting with the governor's budget staff dated May 11th, and I have handed out one sheet to you with regards to those notes, that at least provide to me some insight of where the Governor knew we would be with regards to the fiscal situation. If you look at this sheet it is very similar to what Senator Warner puts on the back of the green sheet and if you look across the top it says, Governor, Committee and Now, now meaning May 11th, this is before the Governor begins his vetoes. The most significant numbers there is the top one, the beginning balance, one further down called new revenue. When the Governor gave his address in January he expected a beginning balance July 1, of 35 million and he expected new revenues in this fiscal year of 721 million. If you look at where it says "Committee - Appropriations Committee" those are the numbers that even in May for official purposes the Legislature was using in its appropriations. But, on May 11th the Revenue Department had indicated to the Governor that the beginning balance would probably be only 20 million and although there would be a few additions in some areas, the new revenue would drop to only 713 million about a 23-24 million dollar drop in expected revenues from what the Governor thought in January. Now that in itself is no problem in the sense that if revenue changes the Department of Revenue certainly should inform the budget office. The problem is the information stops there. It was not shared with this

Legislature. Now, basically in analyzing where they were, or if you look through these calculations there are some projected vetoes and bills to be signed and so on and it looks that and may 11th the Governor's staff indicated that probably they would probably be five million above a 3% reserve. Now additional vetoes then are on this sheet, the Governor vetoed additional amounts of money plus he signed some bills providing more revenue. I have not had a chance to analyze in any depth where the Governor's action would leave us but I think roughly the Governor was a little above or a little below the 3% reserve when the action was done. Now the Governor gives a speech and he comes to us and says, that he has some suspicion perhaps that revenue figures are shaky and if it is shown that we are going to drop below the 3% reserve that it is very possible at that time we were already below the 3% reserve, I'm not sure. But he said that we would take immediate action and call the Legislature into special session. The Department of Revenue then prepares...and we adjourn. The Department of Revenue prepares the June 4th Revenue Book and that Revenue Book shows an even lower beginning balance and even a greater drop in revenue from projection. That first Revenue Book shows that that immediate action that Governor Thone had talked about would have to be taken one week after the Legislature adjourned. But that Revenue Book was not distributed to the public, rather 23 million dollars was added back into that Revenue Book. There is a good deal of argument or discussion as to how the figure of 23 million dollars was arrived at. There are contradictions, I believe, in what the administration is saying now was their understanding of where that figure came from. The only written piece of paper that I can find from that time that indicates the recollections at that time, the notes at that time that indicates where 23 million dollars came from was a statement from Gary Heinicke written on the pages that he was ordered to change, these are materials that Mr. Herrington provided to me, indicates that per Don Steinberg on June 8th 23 million was added and that 23 million was all delinquent taxes. Now, subsequent stories say that it wasn't expected that all was delinquent taxes or whatever, but it is not, those statements of Mr. Heinicke contradict those of Mr. Leugenberger and Mr. Herrington and so we see the administration can't really explain where the 23 million came from. But, the addition of that 23 million made the second revenue book look very good in terms of total revenue. The only problem is that the cash flow, the monthly projects were structured that the sales tax had ten million dollars added from the

first book to the second book, twelve million dollars rather from the first book to the second book in the first quarter a major jump in expected revenue. The Board of Equalization meeting the Department of Revenue comes in with a new chart, as far as the cash flow, and take all that sales tax, almost all that sales tax out of the first quarter and put it in the last three quarters of the year. Now the Governor is very proud that sales tax up until October has come in on projection. I think they came in on projections because in fact the first three months projections were not changed from the original Department of Revenue figures. It is the last nine months of the year that will be very interesting as far as sales tax revenue. If you look at what happened in the month of October and no single month's revenue collection is a trend. But, if you look at the month of October you can see a major drop in sales tax from projections. Now I believe that that drop in sales tax will continue because that projection was artificially inflated so that the Board of Equalization's numbers would disguise the fact the first week in June it was clear that the appropriations had dropped below the necessary amount of funds for a 3% reserve. Now that is what brings us here today. I guess the conclusions that I have in looking at this is that the research staff at the Department of Revenue, who I have at times perhaps raised questions about, are very accurate and are people of fairly high integrity with regards to the revenues of the State of Nebraska, that the numbers that they developed are probably the best insight as to what is going to happen. The only thing is that unfortunately the numbers of the research staff of the Department of Revenue were not provided to the people of the State of Nebraska and the Legislature in May when we could have addressed this question, when they were developed in June they were altered at Don Stenberg's insistence to reflect an additional 23 million dollars. I doubt any of this will change how anyone will vote today because however we get to this fiscal crisis probably is a reality. What will be interesting to watch, for me, is the next nine months with regards to the sales tax to see whether or not the extra money that was ordered added that the Department of Revenue staff moved to the last three-quarters of the year will ever show up. With that, I will ask to withdraw the motion.

SPEAKER MARVEL: Senator Lamb, your light is on.

SENATOR LAMB: (mike not activated) privilege.

SPEAKER MARVEL: State your point to the Chair please.

SENATOR LAMB: Well I originally had my light on because I was going to call for the question. Since Senator Fowler has had adequate opportunities to make political speeches I think at this point we should, and those of you who were in the Appropriations Committee hearing heard those arguments refuted by Mr. Leuenberger and the State Tax Commissioner and I hope that you will notice that they were refuted beyond what I think is any reasonable doubt. I guess I object to the continued political speeches that Senator Fowler made during this session.

SPEAKER MARVEL: Senator Warner, your light is on.

SENATOR WARNER: Mr. President, so I am within the rules I will move to return the bill for a specific amendment to strike the enacting clause. The. . . I'm not going to get into the argument as to when, because I don't know, when, what occurred in the Department of Revenue a few years ago when I had my own deep throat contact in the Department of Revenue. I also had presumed some things had occurred in a way, and there is no doubt in my mind by the way, that there had been adjustments but that is immaterial right now because even if that was so the fact remains that the economy has gone much greater in deterioration than anyone was predicting. All I have to do is read to you all the wires, stories, came in contact yesterday, Minnesota, the Governor and the Legislature quoted from the story will wind up enacting a tax increase to make up the deficit. If they do they would have to impose about 1.3 billion in tax hikes in less than a year to make up for the deficit that they had not anticipated because of the economy. I forget how many states I have noticed in a variety of news stories are in special sessions like us. While we can argue whether there was a deliberate error in the past, the thing you cannot argue, and my position the first day was not one of opposition to some cuts, my concern was that we look to 82-83 and preserve all the revenue that we could to ease a problem that I think is going to become even more serious. We constantly cautioned against acceptance of federal funds lapse or discontinued programs or anticipated programs last session to urge not to pass a series of A bills with new and expanded programs again looking ahead. As far as I am concerned the decision that we have got to now, at this point, is one where we are going to have to accept less revenues next year. There will perhaps be some isolated, I believe the new term is "revenue enhancement" enacted by the Legislature, which was also freely talked about in the form of corporate taxes maybe some of the miscellaneous taxes. You heard others speak of

them on the floor. I think that that is where we are. I don't want to vote for LB 8 either. But, I also know that that is the only game in town, as they say, right now today. I believe that if we do not make some cuts and it is the cuts that I never did oppose, only deferral's and using up of funds. If we do not make some cuts now we will be making even deeper cuts, much much deeper cuts, not as the federal government is doing, they have been cutting expansion. We will be making cuts from level of expenditures. I don't think we have much choice from this point forward. So, all I am trying to say is that whatever may have occurred in revenue projections, and if something did, it is almost immaterial, it is almost insignificant. Probably in time it will be. Because, every state is facing the same problem that we are. Every estimate of receipt, I better not say every, but obviously many, many state projections of revenue were in error at the time their Legislatures met. I urge that we vote for the bill, I would prefer that we would be between 25 and 33 voting for it as they go up on the board, but I would suggest we vote for the bill recognizing the economic issues that we are faced with. With that, I'll withdraw my motion.

SPEAKER MARVEL: Are you withdrawing your motion? Now the last light that we have before we begin the Final Reading session is Senator Higgins, your light is on, do you wish to be recognized?

SENATOR HIGGINS: Mr. Speaker I would like to be recognized on the same point of special privilege, the personal privilege as Senator Lamb.

SPEAKER MARVEL: State your point to the Chair, please.

SENATOR HIGGINS: I really want to say that Senator Lamb said Senator Fowler had made a political speech. My only response is when Senator Lamb said the Governor's aid refuted everything Senator Fowler had said, I remember three famous attorneys that refuted everything Richard Nixon said, Erhlichman, Haldeman, and Mitchell, only in the case of those attorneys they were wrong. The only difference I see here between eighteen minutes of tape that disappeared is a revenue report that we shredded. I think the record truly does speak for itself. Thank you, Senator.

SPEAKER MARVEL: Senator Carsten, for what purpose do you rise?

SENATOR CARSTEN A personal privilege, Mr. President.

SPEAKER MARVEL: State your point to the Chair please.

SENATOR CARSTEN: I think this thing has gone far enough. We are almost at the completion of our work. I would suggest to the Chair that you disregard any further lights and that we proceed with our business. Thank you, sir.

SPEAKER MARVEL: Mr. Clerk, do you want to proceed now with Final Reading.

CLERK: Reads LB 8 on Final Reading.

SPEAKER MARVEL: I think since we will be on Final Reading for some time that you should be allowed to move around as long as you don't move too far. Because, remember we need a certain number to legitimize what we are doing. So the Chair would indicate that you could move around within the room, but please, be quiet enough so we can hear what the Clerk has to say.

CLERK: Continues to read LB 8 on Final Reading.

SPEAKER MARVEL: We will be voting in about five minutes.

CLERK: Continues to read LB 8 on Final Reading.

SPEAKER MARVEL: All provisions of law relative to procedure having been complied with, the question is, shall LB 8 pass with the emergency clause attached. Those in favor vote aye, opposed vote no. It takes 33 votes. Voting aye, Mr. Clerk.

CLERK: Senator Marvel voting aye.

SPEAKER MARVEL: Have you all voted? Clerk will record the vote.

CLERK: 40 ayes, 5 nays, 1 present and not voting, 3 excused and not voting. Vote appears on pages 119 and 120 of the Legislative Journal.

SPEAKER MARVEL: LB 8 is passed with the emergency clause attached. Next bill is LB 7.

CLERK: Read LB 7 on Final Reading.

SENATOR CLARK: All provisions of law relative to procedure having been complied with, the question is, shall the bill pass with the emergency clause attached. All in favor vote aye, opposed vote nay. Voting aye.

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LB 7, LB 8

CLERK: Senator Clark voting yes.

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

CLERK: 37 ayes, 8 nays, 1 present and not voting, 3 excused and not voting. Vote appears on pages 120-121 of the Legislative Journal.

SPEAKER MARVEL: LB 7 is declared passed with the emergency clause attached. While the Legislature is in session and capable of transacting business, I am about to sign and do sign LB 8 and LB 7. Senator Beutler your light is on for what purpose do you rise?

SENATOR BEUTLER: A point of information.

SPEAKER MARVEL: State your point.

SENATOR BEUTLER: If I understand the process that we are going through, it will now be, the Governor will now have the prerogative to line item veto LB 8. Because of the unique circumstances of special session it will be his prerogative not only to accept the reductions that we made but because of the physical set up of the bill it will be conceivable that the Governor could further reduce expenditures by interlineation and line item vetoes on LB 8. In that context I think that it would be irresponsible for this group to adjourn sine die without leaving ourselves the alternative of an override unless there is some kind of commitment from the Governor to this body that there will not be line item vetoes of LB 8. I would like to ask yourself, Mr. Speaker, or whoever speaks for the Governor in this body, apparently a lot of people have been recently, if in fact the Governor is committed to signing the bill in the form that has come to him as indicated in the newspaper reports because I think there should be discussion on that point if in fact he is not so committed.

SPEAKER MARVEL: The Legislature will stand at ease for a few minutes. The Legislature will come to order please. Before we go through the necessary procedure of adjournment I would like to make, may I have the attention of the Legislature please? I have before me two bills which have just been signed by the Governor, LB 7, LB 8 and I now propose to proceed with the motions that will lead up to adjournment. Chair recognizes Senator Nichol.

SENATOR NICHOL: Mr. President, I move that a committee of