

March 4, 1981

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

SPEAKER MARVEL PRESIDING

REVEREND LELAND OSWALD: Prayer offered.

SPEAKER MARVEL: Roll call. Record the vote.

CLERK: Quorum present, Mr. President.

SPEAKER MARVEL: Item #3.

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

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

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

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

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

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

SPEAKER MARVEL: Senator Warner.

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

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LR 21, 30  
LB 24, 38, 51, 55, 83, 114, 128,  
136, 150, 154, 195, 217, 246, 250,  
272, 275, 279, 288, 302, 325, 354,  
388, 409, 434, 444, 457, 462, 515

SPEAKER MARVEL PRESIDING

REVEREND RON WASIKOWSKI: (Prayer offered. Microphone not on. See page 951, Legislative Journal.)

SPEAKER MARVEL: Record your presence. Record.

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

SPEAKER MARVEL: Did you have any other items?

CLERK: Yes, sir, I do. Mr. President, first of all, the Journal is without error this morning.

Mr. President, a communication from the Governor addressed to the Clerk. (Read. Re: LBs 55, 83, 114, 128, 136, 150, 154, 195, 217, 246, 272, 275, 279, 288, 325, 354, 388, 409, 434, 457, 462, 24, 38, and 51. See pages 951 and 952, Legislative Journal.)

Mr. President, I have a series of Attorney General opinions. One to Senator DeCamp regarding the Executive Board and the powers thereof; one to Senator DeCamp regarding payment of salary; one to Senator Nichol regarding LB 515.

Mr. President, your committee on Government, Military and Veterans Affairs whose Chairman is Senator Kahle reports LB 250 to General File with amendments; LB 444 to General File with amendments. Signed Senator Kahle as Chair.

Your committee on Public Works whose Chairman is Senator Kremer reports LB 302 to General File with amendments and Public Works reports LR 21 back to the Legislature with amendments. Signed by Senator Kremer as Chair.

SPEAKER MARVEL: From Senator Barrett's District in the North balcony it is my privilege to introduce 19 senior high students from St. Ann's Catholic School, Lexington, Nebraska. Mr. Roger Lucas, Government teacher; Dr. Phillip Vreeland, English teacher. Will you hold up your hand so we can see where you are and greet you? Okay, we will go to item #4.

CLERK: Mr. President, the first resolution is offered by Senator Dworak. It is LR 28. It is found on page 737 of the Journal.

Mr. President, while Senator Dworak is missing, LR 30 by Senator Vickers. It is found on page 787. (Read.) That resolution, Mr. President, is found on page 787 of the Journal.

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LR 21

PRESIDENT: Motion fails. The resolution is not adopted. Proceed then with the next resolution, LR 21, Mr. Clerk.

CLERK: Mr. President, LR 21 was introduced by Senator DeCamp and Senator Fowler. (Read.) Mr. President, that resolution is on page 647 of the Journal. It was referred to the Public Works Committee for a hearing. There are committee amendments pending by the Public Works Committee, Mr. President, and those amendments are on page 962. It simply states that the Clerk will send copies of the resolution to the Clerks of the other forty-nine Legislatures.

PRESIDENT: The Chair recognizes Senator Beutler as Vice Chairman and I think the Chairman is not here.

SENATOR BEUTLER: Mr. Speaker, members of the Legislature, the amendment is really innocuous. It merely directs the Clerk to send the resolution to the other forty-nine Legislatures in the United States. Thank you.

PRESIDENT: Is there anything further on the committee amendment? I take it, Senator Newell, you don't wish to speak, do you, to the committee amendments? All right. That will be your opening and closing, Senator Beutler, on the committee amendment. The motion before the House is the adoption of the committee amendment on Legislative Resolution 21. All those in favor vote aye, opposed nay. Have you all voted? Voting on the committee amendment to LR 21. Have you all voted? Record the vote.

CLERK: 24 ayes, 4 nays, Mr. President, on the adoption of the committee amendment.

PRESIDENT: The committee amendment fails. Any other amendments?

CLERK: No, nothing further, Mr. President.

PRESIDENT: The Chair recognizes Senator Fowler, then, to discuss LR 21.

SENATOR FOWLER: Mr. President, LR 21 you will find on page 647 and 648 of your Journal. What the resolution does is to oppose the immediate decontrol of natural gas and to support the gradual decontrol which has been the previous policy. Now I have had handed out to you an article from the World Herald that a constituent provided me and that article indicates what would happen with regards to the natural gas costs in the State of Nebraska. The immediate decontrol would generally double gas prices in the state,

natural gas prices, immediately double. The cost, the average cost, would increase from \$300 to \$400. Now the result of that doubling would in fact be no increase in the supply of natural gas. There would be no increase in the supply of natural gas in the United States for that price doubling. And the source that I give for that is one of the industry organizations that testified at the hearing in favor of LR 21 and that is InterNorth which owns Northern Natural Gas Company and Tom Jetton from InterNorth indicated that Northern agrees with the intent of LR 21 and is working to ensure the gradual decontrol of natural gas at the well-head is carried out under the provisions of the Natural Gas Policy Act. Further, Northern opposes the total immediate decontrol of natural gas. Decontrolling the price of flowing gas as has been suggested will not bring about an increase in the quantity of gas available but will simply raise prices unnecessarily and be burdensome to consumers' already strained budget. Accelerating the rate of decontrol would similarly provide little additional gas since nearly every drilling rig is currently now employed and there are indeed shortages of crews. So the immediate decontrol does nothing to provide additional natural gas, it does nothing to assist with regards to the supply of energy but it does have a catastrophic effect on the economy of the State of Nebraska. Seventy percent of the homes in the State of Nebraska are heated with natural gas. A good deal of our industry and agriculture depends directly or indirectly on natural gas, either through the use of the fuel or the petro chemicals that are developed, fertilizers and so on, from natural gas. For that reason LR 21 is of great importance to our state. It is essential that we oppose the immediate decontrol, go to a more gradual system so that the economy is not adversely affected. Now the Public Works Committee I think entered with some concern about whether or not such a statement was somehow contrary to the energy needs of our country, and in the representative of the gas industry, one after another came and testified in favor of LR 21. The people that have the responsibility for supplying gas to the state support this resolution because they know that the immediate decontrol provides no additional energy but will create a major economic impact that will slow the growth of the Nebraska economy for no benefit. For that reason the Public Works Committee unanimously advanced LR 21. I would urge its adoption by the Legislature.

PRESIDENT: The Chair recognizes Senator Howard Peterson.

SENATOR H. PETERSON: I rise to oppose the resolution. It appears to me that we who believe in free enterprise ought to certainly be standing up for the rights of the natural gas companies to be free to do the things that they do best,

which is to find natural gas. I just had notice in my Grand Island Independent yesterday that the gas company in Grand Island lowered their rates this week. So I believe that my own personal opinion is that I think if we let the gas companies go out and find gas, and there apparently is plenty of it in the United States, all the indicators indicate that, I think we are just postponing the day in trying to put more government regulation on the gas companies and I don't believe it is the thing for us to do.

PRESIDENT: The Chair recognizes Senator Higgins. The Chair recognizes Senator Hefner.

SENATOR HEFNER: Mr. President, members of the Legislature, I rise to oppose this resolution. I believe, as Senator Peterson from Grand Island believes, that we ought to let the free enterprise system work. This is what has made the United States great and I think it will continue to work if we just will let it work. And I have said this on the floor before, the U. S. Department of Energy last year had a budget of ten billion dollars. That is more than all the oil companies in this United States made and so I believe that we need to let the free enterprise system take its course. If you can recall, the cost of energy started going up in the early 1970s. This was when the federal government dropped the depletion allowance from twenty-seven and a half percent to twenty-two percent. And do you know what this did? It got the wildcatters out of the oil business and just the major oil companies that had a lot of money was able to do the drilling. If natural gas goes too high, people will find other sources of energy. They will switch to fuel oil or they will switch to electricity or something else. I think if we let the decontrol of natural gas go on, that in the end we will have cheaper natural gas prices. Therefore, I would urge you to oppose this amendment or this resolution.

PRESIDENT: The Chair recognizes Senator Burrows.

SENATOR BURROWS: Mr. Chairman, members of the body, I do think Senator Hefner gave the best arguments for the passage of this resolution when he said a few years ago the wildcattering was already substantially cut out and that the oil industry has fallen into the hands of a few of the largest in the industry. The only part I don't like about this resolution is the fact that it does accept a gradual decontrol because we are not talking about a highly competitive industry, a laissez faire, and competitive is fine when it exists but we are talking about an industry where we do not have great competition, where it comes into the home through one pipeline, about as monopolistic when it comes in there as any

route you can go and without great competition establishing that natural gas price to the consumer. I think it is a folly to take off the natural gas price and especially with the elderly people that are not young, don't have the resources to change their heating units for their homes. They are hooked up to one pipeline, and to move faster in deregulation is a serious mistake because we are hurting the weakest, the elderly, the poor. They are hooked up to one source of supply. They don't have the assets to convert to other heat sources and I strongly support the resolution with the reservation of even accepting the gradual. But if we pass this resolution, at least we are voicing opposition to total deregulation and usurious rates coming into the people's homes. I support the resolution and urge the body to do so. Thank you.

PRESIDENT: The Chair recognizes Senator Higgins. We will go on then to Senator Nichol.

SENATOR NICHOL: Mr. Chairman, members of the Legislature, this resolution, like a lot of other resolutions we make and pass, because it is just a resolution, it doesn't really mean anything necessarily, but it sounds like a good idea. Anything this Legislature could do to reduce the gas prices seems like a good thing to do. I hate to admit that I am not an authority on natural gas prices. I wish I were. If there is anybody that is on this floor, I would certainly like them to stand up and say why it is that if we support this resolution the natural gas prices would go down. Now in this article that is handed out, to quote this article which we are supposed to believe and because this article appeared in the World Herald, we are supposed to adopt and pass this resolution. "The Energy Department has not come to any hard and fast conclusion about the affect of any possible speed up of natural gas decontrol or consumer bills." Well, what that means is even our own Energy Department in the United States doesn't know what this would mean. I would think that unless we had something more positive to stand on, to pass such a resolution seems quite meaningless. Maybe it is a really good resolution. Maybe it is a lousy one. How do we know what the overall result will be just by passing this resolution? I would think that we should really look into things rather than this haphazardly passing a resolution of which we know very little about.

PRESIDENT: The Chair recognizes Senator Haberman.

SENATOR HABERMAN: Mr. Speaker, members of the Unicameral, Senator Hefner said, "if the price of gas goes too high, you can go to electricity or some other source". Senator

Hefner, I have been trying to get electricity for my irrigation wells for over two years and they tell me that it is probably going to be another two years before I can get it. So I can't really agree with that statement. You say that if we don't pass this resolution and deregulate gas, we are going to run the wildcatters right out of the state. Well, now, what were we doing the other day? We were adding a tax to the wildcatters and the people that drill oil wells because they were doing such a fine job in the state. They said these people were pumping so much oil and we have got so much oil, let's raise the tax on them. And now we are saying that if we don't pass a resolution like this or deregulate it, we are going to run them out, just the big oil companies. Now that doesn't add up. Whenever you deregulate anything, you all know what happens. The price goes out of sight. She just goes zoom and away she goes. So I am going to have to say that let's go easy and go slow on the deregulation. Remember here a few years ago when we'd say, "My gosh! Gas is going to 75¢". Why we wouldn't pay 75¢ a gallon for gasoline. It got to 75¢ and somebody would say, "Hey! Gas is going to go to \$1.00". Well, you have lost your mind. We will never pay a \$1.00 for a gallon of gas. Then somebody said, "It is going to go to \$1.25". No, it never will. I will never pay \$1.25. So now it is up to \$1.47. If it went back to \$1.00, gee, we would think that was cheap. We have been brainwashed. We have been brainwashed that when a price goes up, up, up and up, and if they'd ever bring it down, which they won't, to \$1.00 a gallon for gasoline, we would think we were really getting a bargain. This is how those things happen is when you take the lid off and let them go and let them make those fabulous big profits which they are making and they are not cutting the price. They are taking the profit and putting it in their pocket. I am not against private enterprise making a profit. I am against their gouging. That is what I am against. So I am going to have to speak against the resolution, and as somebody says we are spending a lot of time on something this morning that doesn't mean too much. Thank you, Mr. President.

PRESIDENT: The Chair recognizes Senator Wesely.

SENATOR WESELY: Thank you, Mr. President, members of the Legislature, I would like to reflect a bit on some of the comments made concerning...perhaps Senator Nichol's comments, Senator Hefner. Senator Peterson talked a bit about the question of the marketplace and its role in this whole issue. Let me tell you quite frankly that in the committee hearing which I did sit through I was convinced from one side to the other on this resolution because I took the same position you did. I thought the marketplace ought to determine the

value of the natural gas that we are going to be paying for, that we have really hurt ourselves in the past with our energy exploitation basically of keeping our prices too low and thus discouraging conservation and encouraging waste and I really believe that we need to let the marketplace set the value of our energy products because at that point we are going to start conserving properly instead of wasting that valuable resource. However, what I found from the hearing was that in fact this is exactly the direction we are taking and in a number of years we will reach that point where the market will determine the price of natural gas. But the question is, how quickly do you reach that point? Do you reach it immediately, as I think President Reagan is interested in, or do you take a little more time and phase it in and thus cushion the impact on the general public? I think what I learned from the hearing was that by moving too rapidly you gain nothing but in fact harm people drastically. That by moving too fastly you don't really increase production, you don't really let the marketplace work as it should by increasing supply and meeting demand but, in fact, you just provide a windfall profit that really doesn't go back into production and that a more gradual increase will in fact increase the production and encourage the sort of free enterprise initiative that we were talking about. So I got switched around from opposing this resolution to supporting it from the hearing and I think that gets back to Senator Nichol's comment about moving too quickly on a resolution. We took a lot of time with this resolution. We spent several hours in a hearing on the resolution and Senator Kremer, who I am disappointed isn't here right now, I think would share with you the fact that the information we got was very, very impressive, that we found that the seriousness of the problem is extreme, that what is facing us in this state is a natural gas increase that will stagger a lot of people and will really put the poor and even the middle class in a position that they don't have any idea at this point will be so difficult. I think that we learned that the seriousness of the situation called for other states to join us in trying to say that the efforts to try and more rapidly increase the price of natural gas is counterproductive to this country and Senator Kremer initiated the committee amendment which we, I believe, adopted which would send this resolution throughout the country calling on other states to leave the charge, try and recognize the fact that, number one, yes, we need to move to the marketplace in determining the price of natural gas, but, number two, let's not move too rapidly and disrupt entirely our present economic system in this regard and with little benefit for the consumer or the general public. So I think that it is quite clear that the hearing I think convinced a lot of people on the committee that this is an



important resolution, that this is an important position to take, that it is a wise position to take for the general public. The natural gas companies came in in force and clearly evidenced the fact that they didn't want to have all this money coming into their coffers at this time in the way that the present Reagan plan would provide it. They want to see in a more gradual effort because they know that that is the best way to serve the public and I was very impressed with their testimony. I was very impressed with their public concern and it appears to me the natural gas companies are very, very reasonable on this point, and as a result of that, I think we should recognize that free enterprise has spoken, that the resolution is a wise one and that we should support it.

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

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

PRESIDENT: Debate ceases. Senator Fowler, do you wish to close on the resolution?

SENATOR FOWLER: I would give my closing to the cosponsor, Senator DeCamp.

PRESIDENT: Senator DeCamp, will you close on the resolution then?

SENATOR DeCAMP: Mr. President, members of the Legislature, if Senator Howard Peterson and I had secret information right now that in, let's say, four hours a major devastating tornado was going to hit Lincoln, Senator Peterson and I would have an obligation, and I think we would both live up to it, to immediately do everything we could to inform the people, to get it to the media, to do everything possible to protect the people against that disaster. I told you a couple of days ago when we were talking about the energy bill that on the subject of energy I felt that there were experts in the field who had about as much knowledge as anybody and were on the inside track in terms of knowing some possible solutions, some possible issues that we at the state level should be looking at and I told you that person's name was Willis Strauss, the head of InterNorth, and that I had decided to go, since he has kind of been a friend of mine over the years, and sit down with him for a day and discuss energy in all respects and I did. His one obsession, his one clear-cut message to me, here Mr. Republican, more conservative than

Ronald Reagan, Mr. Big, in terms of free enterprise, Mr. Everything in the energy field, said, "John DeCamp, I guarantee you if decontrol goes ahead as they are talking, and as the President, my President," he said, "plans, there will be an economic disaster in this country." And he says, "I get all kinds of trouble for saying this." He says, "People don't like to hear it but those are the facts of life." And I said, "Well, what about free enterprise. Good grief! We want to develop more gas. We want to do all the things that Senator Hefner, Senator so on and so forth said." I raised them to him. I argued with him. He said, "Look! Decontrol isn't the problem. The timing is the problem. Doing something overnight, completely changing the rules of the game when you have got everybody on the ropes." He said, "What we will do, what we'll do, InterNorth will do, because we are so serious about this", he said, "Sure! We would make profit like you wouldn't believe, short term. Short term we would come out like bandits but long term we would destroy the ability of the American people to have anything to pay for anything. We take their disposable income all at once and we create chaos." And as he was talking and explaining this to me, I was reminded of a movie I had seen the night before, Dr. Zhivago that some of you might have watched, and maybe you watched the scene where the young doctor is desperate because his family is cold and he goes out and he rips the boards off the fence so he can get some boards to burn in his fireplace and heat his family, and his brother, half brother, whatever, the policeman, comes and stops him. And his brother is saying to himself, he says, "You know one person ripping off boards to save his family from freezing to death is a very tragic and pathetic sight", but he said, "Five million people ripping off boards will destroy a government and, therefore, the one has to be stopped". In this case the thing that has to be stopped is creating the condition that will turn it into chaos. Indeed the Energy Department hasn't ruled on it. They haven't said what is going to happen and maybe that is your best reason for voting for the resolution because they can't predict what will happen. We can predict pretty well what will happen if we continue with our phased deregulation. Remember, you have had regulation for twenty-five years. You can't cut it off overnight and that is about what it amounts to. You can't just switch from black to white overnight or you are going to create chaos. By the gas companies, the free enterprises' own figures and statistics and they are telling you in advance, short term they come out like bandits, as I said. They make lots of money. But those companies realize that long term they are really going to create chaos if that happens. Now how serious do they take it? They are willing, which was

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what the committee amendment was all about by the way, InterNorth and some other major companies like this are willing, if this state will pass the first of these resolutions,...

PRESIDENT: A half a minute, Senator.

SENATOR DeCAMP: ...to go to the other states, thirty-eight states that InterNorth is in, and try to get the same regulation or the same resolution passed so they can tell the President, so they can tell the administration, "Look! We who are involved would rather go slow than take the immediate deregulation". I urge you to support the resolution. As I say, I am not a bad Republican because I support the resolution. If Mr. Willis Strauss and Senator Kremer feel as strongly as they do, and I am sorry he is not here today, I think you had better take a second look. I urge you to support the resolution.

PRESIDENT: The question before the House is the adoption of LR 21. All those in favor vote aye, opposed nay. Have you all voted? Record the vote.

CLERK: 28 ayes, 9 nays on adoption of LR 21, Mr. President.

PRESIDENT: The motion carries. The Legislative Resolution 21 is adopted. That will conclude agenda item #4, Mr. Clerk, if you want to read some things in.

CLERK: Mr. President, very simply, a notice from Senator Hefner regarding reapportionment guidelines will be inserted in the Journal. (See page 1452 of the Journal.)

PRESIDENT: We are ready now for agenda item #5, Final Reading. The Sergeant at Arms will clear the aisles. All members will be at their desks, and we will commence with Final Reading. I will tell you at the outset that the order for Final Reading has been changed to this extent that the first bill on your Final Reading list, LB 76, will be at the bottom of the list rather than at the top of the list, and we will commence with LB 113. I also want to note for those who have asked a question about 113A being on the Final Reading list, this is because LB 113 is a Cash Fund and not a General Fund A bill, so that explains the reason why we have an A bill on the Final Reading list at this time. We will now...as soon as everyone is at their desks, we will commence with Final Reading. All right, we are ready, Mr. Clerk, I guess for LB 113 on Final Reading. There is a motion on the desk. Read the motion.

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LB 44, 74, 87, 173, 271

PRESIDENT LUEDTKE PRESIDING

PRESIDENT: Prayer by the Reverend Gifford Myers from the First Evangelical Free Church, Lincoln.

GIFFORD G. MYERS: (Prayer offered.)

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

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

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

CLERK: I have no corrections, Mr. President.

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

CLERK: Mr. President, LB 74, 44, 87, 271, and 173, as well as LR 21 are ready for your signature.

PRESIDENT: While the Legislature is in session and capable of doing business, I propose to sign and I do sign: LB 74, LB 44, LB 87, LB 271, LB 173 and LR 21. Anything further, Mr. Clerk?

CLERK: I have nothing further, Mr. President.

PRESIDENT: The Chair recognizes at this time for a very special explanation and presentation, Honorable Senator Marsh.

SENATOR MARSH: Thank you very much, Mr. President. I am very pleased, ladies and gentlemen, members of the legislative body, to share with you some of the excitement which has been going on at our house the past few months. The State Treasurer as a member of the Plant Two Trees Committee of Lancaster County has made the little gift available to you which you found on your desk this morning. This is some of the night hours put in by the State Treasurer delivering these in person last evening and this committee through the leadership of the State Treasurer has made available to every fifth grade school child in the County of Lancaster County a tree to be planted on Arbor Day. I urge you to plant this tree or give to someone who will plant it. It is a blue spruce and there is attached to the package some interesting facts regarding trees and the State of Nebraska. I wish