

February 23, 1982

LR 229
LB 230, 365, 449, 801

Journal.) The motion is to advance the bill.

SENATOR NICHOL: That is right. We are voting on to advance the bill and we are having a roll call vote.

CLERK: (Roll call continued for vote.) 24 ayes, 21 nays, Mr. President, on the motion to advance the bill.

SENATOR NICHOL: The bill fails to advance.

CLERK: Mr. President, a couple of items to read in if I may. Senator Warner would like to print amendments to 449 in the Journal. (See page 820 of the Journal.)

Your Committee on Retirement Systems reports LB 365 advanced to General File with committee amendments attached. (See pages 821 and 822 of the Legislative Journal.)

New resolution, LR 229, signed by Senator Fowler and others. (Read LR 229 as found on page 822 and 823 of the Legislative Journal.) That will be laid over, Mr. President.

SENATOR NICHOL: We will move on to LB 801, Mr. Clerk.

CLERK: Mr. President, LB 801 offered by the Business and Labor Committee and signed by its members. (Read title.) The bill was read on January 13 of this year. It was referred to Business and Labor for hearing. The bill was advanced to General File, Mr. President. There are committee amendments pending by the Business and Labor Committee.

SENATOR NICHOL: Senator Barrett, do you want to take up the committee amendments?

SENATOR BARRETT: Yes, thank you, Mr. President and members, the committee amendment to LB 801, which is an unemployment compensation bill, is simply a technical amendment. The amendment is made necessary because of a drafting error in the bill. It was a communication problem, frankly, between myself, the staff and the Department of Labor. I take full responsibility. The amendment is necessary to the integrity of the bill, and I would, therefore, move the adoption of the committee amendment.

SPEAKER MARVEL PRESIDING

SPEAKER MARVEL: The motion is the adoption of the committee

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tion because the Legislature made this policy determination a year ago and I'm willing to accept this if, in fact, it is genuine. I ask this body, however, to give me a reading of that by the votes on this amendment. If you support this concept and intend to support the bill, I'll wait and I'll watch and if there are 24 of you that are willing to stand by this concept and to give this treatment across the board, I'll be your 25th vote but I won't do this if what you try to do is har this bill to death.

SENATOR CLARK: The agenda says that at three o'clock we go to the resolutions so we'll go to the resolutions now and after the resolutions if we have time we'll come back right where we left off. The first resolution is LR 229. Pardon? Yes, I am.

CLERK: Mr. President, if I may...(interruption.)

SENATOR CLARK: I've only got nine speakers on that.

CLERK: ...quickly, Senator Nichol would like to print amendments to LB 787, Senator Kremer to LB 408, Senator Kremer to LB 694 and Senator Kilgarin to LB 787. (See pages 1201-1203 of the Legislative Journal.)

Mr. President, LR 229 offered by Senators Beutler, Higgins, Kilgarin, Wesely, Wiitala, Fowler, Burrows, Rumery and Labeledz is found on page 822 of the Legislative Journal. (Read LR 229.)

SENATOR CLARK: Senator Fowler.

SENATOR FOWLER: Mr. President, I'd be glad to introduce the resolution. I know there is several cosponsors and I'd be glad to let one of them have the opportunity to close. LR 229 is introduced to express some concern of this Legislature with regards to the current decisions to be made with regards to the federal deficit in the tax program in Washington. Legislators may recall that last May towards the end of the session there was a resolution with twenty-eight sponsors dealing with support for what was named the Economic Recovery Program and that that resolution passed with few dissents although there were some voices questioning whether or not, in fact, that should be accepted as quickly as this Legislature adopted it. Now we've had time as a nation and as a Legislature to evaluate the impact of this Economic Recovery Program and I would say as one observer that, in fact, the impact has been very damaging, has not succeeded. I would indicate that there were those on this floor who raised questions last year that not all the information was in and that we should not be quick to endorse it. Among

those, and I hope perhaps they will recall those words today, are Senator Koch, Senator Vard Johnson, Senator Chambers and Senator Newell. All in various ways suggesting that that resolution have a public hearing and that we really take a look as to whether or not all the pieces fit together. Now if we were to look at the consequences so far let's talk about the tax cuts because this resolution deals a lot with them. The tax cuts that were adopted at the federal level and up to this date piggybacked in terms of reductions at the state level, a guaranteed less revenue at the federal level and guaranteed less revenue to state government. The concept was though that somehow these tax cuts would spur investments, spur an economic recovery and basically become self-supporting. In fact, to date we see that has not happened, all the economic indicators, all the economic writers show that there has been no increased investment in productive plant capacity or whatever term you want to use because there have been no dollars available, no income, no demand for products. Additionally, what this has produced is declining federal revenues from what was inspected creating a higher federal deficit, creating continued high interest rates which in turn has further stalled the recovery. The high interest rates due to these deficits have crippled the housing industry, the automotive industry and the construction industry further preventing recovery, further depressing income causing high unemployment. The resolution that we have introduced is as a Legislature to look at perhaps some alternatives and that alternative would be to delay this tax cut which would produce solutions to revenue problems at the federal level and the state level. Additionally that would reduce deficits which should, if Wall Street follows through on its pledges, should reduce interest rates which then could help many industries in the United States recover. I have handed out some information from a recent Congressional Budget Office study and I recommend that anyone that is interested in looking at this question read the Congressional Budget Office study. They have turned out to be far more accurate than the executive branch predictors and if you'd look at the first quote you can indicate that the Congressional Budget Office estimates the budget deficit will climb steadily from an estimated \$111 billion in 1982 to \$121 billion in '83, a \$129 billion in '84, a \$140 billion in 1985. Furthermore, there is a possibility the budget deficits could be even larger if tight credit conditions produce a weaker economy than assumed by either the administration or the Congressional Budget Office. Additionally to these statements and as you read through these quotes you see kind of a continued theme there with regards to the impacts of these deficits. You would see a chart prepared by the staff of the Revenue

Committee of our Legislature to indicate who received the tax cuts and who didn't. I think this might be illustrative as to as far as who did, in fact, benefit from the economic recovery plan. And I think it is particularly crucial for Nebraska as we look at our state revenue situation and the next two resolutions deal with that. It is interesting to note that Don Leuenberger's report with regards to revenue. There is a quote about how the economic recovery plan is going to affect Nebraska, that is, what sort of relief can we expect in Nebraska because of this higher federal spending and on page 2 of Don Leuenberger's report he indicates secondly to the extent that much of the upward stimulus to the national economy comes from military procurement contracts, there is likely to be little impact on Nebraska industries. The Department of Revenue Research Division's studies indicate that Nebraska ranks in the bottom ten states in terms of military contract commitments, thus the hope for a turnaround may be even less pronounced for Nebraska than it is for the nation. So if you look at the cumulative effect of that Economic Recovery Plan you'll see that there is less state revenue and there is less federal revenue. You'll see that there have been budget cuts to the State of Nebraska and that according to our own State Department of Revenue there is no hope for increased spending in Nebraska in the area of defense. The higher deficits at the federal level will produce no revenue to the State of Nebraska. We will continue to maintain high interest rates crippling many Nebraska industries including construction and agriculture. I'd move for adoption of resolution LR 229. I think that the action taken last year might have been a little precipitous, and as we indicated to Congress then our convictions, I think we should indicate now that those convictions may have changed.

SENATOR CLARK: Senator Burrows.

SENATOR BURROWS: Mr. Chairman, members of the body, I think Nebraska has long had a history of paying its bills in taking in taxes and covering the cost of state government. I think our nation could do the same and the totally irresponsible action of cutting the income when you're running in a deficit is inexcusable for the federal government to move in. They're...no one in a business is going to balance a budget by cutting the income, the basic source they have coming in while they cannot make the other cuts that will make it happen and balance the other way. The whole complicated theory of trickle down economics is the only justification of it and the historical record reads that in the 1930s when the trickle down theory was last tried, the people that got the biggest breaks were those with the highest income and the money went into savings to be sold out again or loaned out at high interest rates to the people, again crippling the general pub-

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11c. I think it is imperative that the federal government make the responsible move of delaying tax cuts that inevitably will result in a greater and greater deficit, continued high interest rates and a disastrous policy for the home building industry and for agriculture in the State of Nebraska. We need employment and the interest rates must be cut. If they want to cut federal budget, the biggest cut they can make singly is probably to cut the interest rates in half and cut off over \$50 billion on the federal budget. That has to go together. I would wholeheartedly endorse and support this resolution because it is just plain responsible to take in taxes what you are spending and the federal government is reducing its income at a time, if anything, it should be looking at holding its own on the income side of the ledger while they try to make a few cuts elsewhere. They've got to make the basic cuts. The biggest single cut they should be making is a reduction of the interest rate and the cost to the federal debt. That could exceed \$50 billion simple as pie. So I urge the body to pass this resolution along and vote and support this resolution.

SENATOR CLARK: Senator Beutler.

SENATOR BEUTLER: Mr. Speaker, I'll reserve my time for closing.

SENATOR CLARK: Senator Lamb.

SENATOR LAMB: I would call for the question if there are any more lights.

SENATOR CLARK: The question has been called for. Do I see five hands? I do. All those in favor of ceasing debate will vote aye, opposed vote nay.

CLERK: Senator Clark voting yes.

SENATOR CLARK: For what reason do you arise?

SENATOR KOCH: Mr. Chairman, I want to make sure that fair and equal debate is given to this issue. Are there those who want to oppose the bill or the resolution?

SENATOR CLARK: I'm not making that decision. I am letting them vote the way they want.

SENATOR KOCH: Well normally if one side is...

SENATOR CLARK: If they don't want to cease debate they don't have to.

SENATOR KOCH: Well I just want to check that we're carrying out equal debate on the issue. Obviously Senator Lamb believes we've had equal debate.

SENATOR CLARK: Have you all debated on ceasing debate? Record the vote.

CLERK: 20 ayes, 10 nays to cease debate, Mr. President.

SENATOR CLARK: Debate does not cease. Senator Newell.

SENATOR NEWELL: Mr. President, members of the Legislature, I rise to support the resolution. I think it is important that we analyze even for just the brief time that we are giving to this issue today just where we are in terms of this great experiment and I say experiment because you know its all along, it's been really an act of faith whether or not this new federalism or the Economic Recovery Act would, in fact, allow us to cut taxes to the point where we would find tremendous increase in the nation's productivity, whether we were, in fact, going to put people to work, whether we were, in fact, going to be able to accomplish all the wonderful things that we were promised last year when the bill was...went into effect. The President said at the time that once the bill would pass it would have an immediate effect, immediate, didn't have to wait until the cuts took place, it would be an immediate effect. There was no immediate effect but when the cuts did take place basically what has happened is that we've sent reverberations throughout our economy and those reverberations are simply this, the interest rates which traditionally there is only a 3% spread between the inflation rate and the high interest rates. That traditional 3% spread is no longer there because of the tremendous deficits that are projected we find that that differentiation is far more than that and I want to say that I think that we have found at this early stage that the promises that we were made have not been forthcoming. They do not look like they are going to be forthcoming and, in fact, the deficits will be probably much larger and they will further retard this economy. Nebraska alone, which is an agricultural state generally not afflicted by the tremendous swings in the economy, sees a 7.4% in unemployment rate in its largest city. That is intolerable. That is wrong. This country needs very desperately, it needs very desperately to reorder our priorities, to reduce the deficit, to try to

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put people back to work and at the very least, try to cut the interest rates that are preventing business and industry and farmers and everyone in this economy from really being able to put people back to work. So I think that it is time that we reassess and reevaluate just what is happening, what can happen, what the problems are and with that reassessment I'm sure that we will find that large areas of the federal budget will not be sacrosanct like military spending, that we are going to have to give more commitment to the social programs and then, in fact, we are going to have to cut this tremendous deficit.

SENATOR CLARK: We have an amendment to the resolution.

CLERK: Mr. President, Senator Warner would move to amend LR 229 by striking 1982 in Resolve paragraph #2.

SENATOR CLARK: Senator Warner.

SENATOR WARNER: Mr. President, I have sympathy I think perhaps for the resolution, however, I would not think it would be prudent to suggest that they should not implement the adjustments scheduled for July 1 of this year of 1982 for a variety of reasons. First, I don't think it is going to happen in any event. I understand Speaker O'Neill has made it clear that they want to stick the President with it supposedly and that is their theory and the President is sure it is going to work so he is not going to support it. We're back to November where those who are on opposite sides joined together to defeat what is right but in any event I think the 1982 ought to be stricken out. I don't think that is a viable alternative at this point but I certainly could support a revaluation of the reduction for July 1 of 1983.

SENATOR CLARK: Senator Newell, did you want to talk on the amendment to the resolution? Senator Newell.

SENATOR NEWELL: No.

SENATOR CLARK: All right. I've got Senator Wesely, did you want to talk on the amendment to the resolution?

SENATOR WESELY: Mr. President, members of the Legislature, I guess I would support the Warner amendment to this resolution and recognizing the reality of the situation is probably correct and won't see a change in the tax rates this year even though it's recognized right now we're going to see a hundred billion dollar plus deficit occur in our

federal government this next fiscal year. Nevertheless, we should still make it clear that we don't think that this is good policy to go into debt to this degree, that we want to do something about the deficit and that we see that there are two alternatives. They've pursued the tax cuts and now we're saying that perhaps that was a mistake and they have to continue looking at ways in which to keep that budget trimmed and do something about that. So I would say that the Warner amendment is realistic and should be supported. I would add one last thing in talking to people about the Reagan programs. So many people were supportive of the concept of reducing the scope of federal government in a very realistic fashion. I think many of the cuts, although they are very harmful to many people, were accepted this last year. However, when they got to the tax cuts and the budget deficits and everything became apparent to the public, I noticed a definite reaction against that effort and so I think what most people are saying is balancing the federal budget comes first and then we can talk about some of the other efforts of President Reagan but first let's balance that budget. Let's not go into debt anymore than we already are and I think that is what this resolution is trying to say. Sure, talk about efficiency in the federal government, sure, try and cut back the scope of federal government, try and do it in a reasonable fashion and you will be supported but when you start talking about not cutting back adequately and cutting taxes further and thus making the federal budget deficit even worse than it is at this time, that is something the public is not supporting. So I think the Warner amendment is good and the resolution is good and urge your support for both.

SENATOR CLARK: Senator Howard Peterson.

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

SENATOR CLARK: The question has been called for. Do I see five hands? I do. All those that wish to cease debate vote aye, opposed vote nay. Record the vote.

CLERK: 27 ayes, 0 nays to cease debate, Mr. President.

SENATOR CLARK: Debate is ceased. Senator Warner, do you wish to close? You waive the closing, all those in favor of the amendment vote aye, opposed vote nay.

CLERK: Senator Clark voting yes.

SENATOR CLARK: Have you all voted? Have you all voted on the Warner amendment? One more time, have you all voted?

Senator Wesely.

SENATOR WESELY: I'd like a Call of the House, please, on that amendment.

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

CLERK: 9 ayes, 2 nays, Mr. President, to go under Call.

SENATOR CLARK: The House is under Call again. Everyone will take their seats and check in, please. Please don't make me call out your names again. Please check in. Senator Labeledz, would you check in, please. We'll authorize call ins. How many are excused, Pat? Two excused.

CLERK: Senator Newell voting yes. Senator Landis, you had voted yes, Senator. Senator Hoagland voting yes. Senator Burrows voting no.

SENATOR CLARK: Everyone is supposed to be in their seats, please.

CLERK: Senator Barrett voting no.

SENATOR CLARK: Any further voting?

CLERK: Senator Chronister voting no. Senator Higgins voting yes. Senator Cullan changing from yes to no.

SENATOR CLARK: Did you want a roll call vote? All right, let's get a roll call vote. We're still short six people. The Clerk will call the roll.

CLERK: (Read roll call vote as found on page 1204 of the Legislative Journal.)

SENATOR CLARK: We're still under Call.

CLERK: 25 ayes, 19 nays, Mr. President, on adoption of Senator Warner's amendment.

SENATOR CLARK: The Warner amendment is adopted. The next motion on the bill, I mean on the resolution.

CLERK: Mr. President, Senator Howard Peterson would move to indefinitely postpone LR 229.

SENATOR CLARK: The Call is raised. Senator Peterson.

SENATOR H. PETERSON: Mr. Chairman, it seems to me that

we're wasting a tremendous amount of time on a very political issue and I think it is purely a matter of Democratic votes versus Republican votes at this stage of the game and that is the reason why I think we ought to just call the question.

SENATOR CLARK: Senator Lamb, did you want to talk on the kill motion?

SENATOR LAMB: I'd call the question.

SENATOR CLARK: All right, the question has been called for. Do I see five hands? I do. Yes.

SENATOR CHAMBERS: Mr. Chairman, for whatever it's worth, we do have a rule which says that there should be the opportunity for debate, fair debate, on both sides of the issue. This motion is to kill the resolution. There has been no debate whatsoever except a comment and a disclaimer about how we should not deal with political issues even though we are a political body, so I think it is out of order to entertain the motion to call the question at this point.

SENATOR CLARK: Well the Speaker protended that, I didn't. All right, we'll let it go. We'll let it go, we'll continue debate. Senator Fowler is next. We ought to get both sides of it.

SENATOR FOWLER: Mr. President, last year it was in May that several legislators asked us to consider a similar issue. Although some suggested that perhaps it was not appropriate to do so, it seems to me that many of the sponsors of that resolution, in fact, insisted on full debate and passage of that resolution. I would hope that those same sponsors, who I'm sure remember themselves and I don't have to read their name, could extend the same courtesy a year later to have the same issue debated in full. Now the charge that this is a partisan issue, I indicate at the beginning that if one was to take the time to read the record of last year you would see that among those that spoke against the resolution and asked for greater consideration were two Republicans, Senator Vard Johnson and Senator Jerry Koch, and one registered Independent, Senator Chambers, and I think that Senator Warner, who I don't think switched parties today, also has indicated that he could find this resolution acceptable with the amendment that was just adopted. So I would say that it is broader than simple partisanship. I would also say that the situation that is facing us is so significant, in fact, even more significant now when you look at the unemployment figures in Nebraska, when you read what our State Department of Revenue says is the opportunity for recovery in Nebraska which they

say is less than the rest of the nation, which I think is something that is disturbing, that if you consider the seriousness of the situation it certainly would be worthwhile for us to give this more consideration. I do not and have not heard any defense of the current plan. I have not heard any statements that the Economic Recovery Program is working or about to work and I think that before we kill this resolution one of the people that is opposed to it perhaps would like to offer to us some illumination as to why the resolution is wrong.

SENATOR CLARK: Senator Chambers.

SENATOR CHAMBERS: Mr. Chairman and members of the Legislature, I'm one of those people who is ever alert to the existence of an irony or a poetic justice. Now Senator Fowler has pointed out repeatedly that it was in May of last year that the Legislature intruded into this area with a resolution favoring the President's program. It was in May of last year and it was stated that they didn't have enough information to adequately back up that position. It was in May of last year that the Legislature intruded into an area dealing with the North Freeway which I objected to and said there was not enough information but it went ahead anyway. So we have two events that occurred last May that triggered activities that are going on to the present. In looking at this resolution I don't think it ought to be killed at this point because I think there are other issues that grow out of the economic conditions upon the country now that deserve discussion. And as you all might gather from what I have said already, the freeway issue is one of them. In the third "whereas", I think it's the third one, it says the tax cut is resulting in substantially reduced revenues at the state and federal levels. The same way with highways. There is reduced revenue for highways at the federal and state level. At the federal level because of budget cuts, at the state level because of a decrease in the amount of gasoline used as well as the price of gasoline. The next whereas says, it now appears certain that the federal budget will not be balanced by 1984 and that, in fact, deficits may reach one hundred billion dollars by that time. Now, it apparently means that cash for various things will not be made available. That is what I had argued about in connection with the freeway but that argument also fell on deaf ears. The next whereas says, "several members of Congress, both Democratic and Republican, have expressed grave concern about this mounting deficit." Now with reference to the freeway there were community leaders. A petition with over five thousand citizens' signatures, the Catholic Human Rights Council, WOWT, a number of other organizations expressed concern about the North Freeway but it fell on deaf ears. Then

we come to one of the resolves. The first one, that the Legislature urges Congress to reevaluate the tax cuts made in 1981 in light of the increasing federal deficit and decreasing revenues in states like Nebraska. All of my requests that the freeway project with all of its blundering, with all of its misplanning, with all of its destructiveness of a community, be reevaluated, nobody felt that should occur. The second resolve, that the Legislature urges Congress to defer the implementation of portions of the tax cut program and so forth. Now, construction has had to be deferred on the North Freeway because they don't have money. And when I asked the Legislature to help me get the Department of Roads to defer further destruction of homes, destruction of trees, destruction of a community, it fell on deaf ears. I also made a statement in which this graphically proves the truth of, that the North Freeway is an issue perceived to deal with poor and black people. This resolution, 229, is perceived to deal with the interests of white people so it is being taken very seriously. It is being discussed as though it has merit. It is being discussed as though somebody is concerned so it bears out again, the notion in this country of different strokes for different folks. If you're white, you're all right. If you're yellow, you mellow. If you're brown, you stick around. If you're black, get back. Well, I'm black. I expect to be black until I die and I expect to continue pushing the issues that relate to the welfare of black people and the only thanks I can give for this resolution's existence here today...

SENATOR CLARK: You have one minute.

SENATOR CHAMBERS: ...is that it gave me the opportunity to point out the difference in the way issues are handled by a body which purports to represent all of the interests of all of the people in the state. But it falls to my painful and often lonely lot to call attention to these lapses in legislative responsibility. Despite my bitterness about the North Freeway and the way the Legislature has failed to be responsive, I still don't think this resolution ought to be killed. It is dealing with substantial issues and I would not vote to kill it although I don't know how I'll vote finally on it.

SENATOR CLARK: Senator Nichol. Not here? Senator Haberman. The question has been called for. Do I see five hands? I do. All those in favor of ceasing debate will vote aye, opposed vote nay.

CLERK: Senator Clark voting yes.

SENATOR CLARK: Have you all voted on ceasing debate?
Record.

CLERK: 25 ayes, 13 nays, Mr. President.

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

SENATOR H. PETERSON: Mr. Chairman, the reason why I called
the question on this particular issue, it seems to me that
we're spending a lot of valuable time debating something we
can do very little about. As far as this Legislature is
concerned, we have some very important issues before us in-
cluding what we're going to do with our own budget and I
would hope that those who are so enthusiastic about balanc-
ing the federal budget would be just as enthusiastic about
balancing the state budget when the time comes. Mr. Chairman,
I would move the motion and ask for a Call of the House and a
roll call vote.

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

CLERK: 12 ayes, 3 nays to go under Call, Mr. President.

SENATOR CLARK: We are under Call. All legislators will
take their seats please. The Sergeant at Arms will try to
get them there and have everyone check in please. I would
like to announce that seated under the North balcony are
personal friends of Senator Jim Goll, Mr. and Mrs. Tom Witt
from Pender, Nebraska. Will you stand and be recognized,
please. Welcome to the Nebraska Unicameral. Could we get
everyone to check in, please. We have three excused.
Senator Koch, would you check in, please. Senator Warner,
would you check in, please. Senator Duda, would you check
in, please. Senator Haberman, Senator VonMinden, would you
check in, please. Senator Cope and Senator Lamb. Senator
Peterson, do you want to go ahead? The Clerk will call the
roll. Will you keep it quiet, please, so he can hear the
response. It takes 25 votes.

CLERK: (Read roll call vote as found on page 1205 of the
Legislative Journal.) 26 ayes, 20 nays, Mr. President, on
adoption of...on the motion to indefinitely postpone.

SENATOR CLARK: The resolution is indefinitely postponed.
Senator Koch, you wanted a point of personal privilege?
Would you state your point to the Chair.

SENATOR KOCH: The point, Mr. Chairman, is on resolutions
and their effect. It bothers me that we deal with an