

MAY 10, 2005

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May 10, 2005

LB 614A

SENATOR CUDABACK PRESIDING

SENATOR CUDABACK: Good morning. Welcome to the George W. Norris Legislative Chamber. Our chaplain of the day is Father Paul Witt from Saint Mary's Catholic Church, Lincoln, Nebraska; a guest of Senator Foley, District 29. Father, please.

PASTOR WITT: (Prayer offered.)

SENATOR CUDABACK: Thank you, Father Witt, for coming over and being with us this morning. Appreciate it. Call the seventy-sixth day of the Ninety-Ninth Legislature, First Session, to order. Senators, please record your presence. Record please, Mr. Clerk.

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

SENATOR CUDABACK: Any corrections for the Journal, Mr. Clerk?

ASSISTANT CLERK: I have no corrections this morning.

SENATOR CUDABACK: Messages, reports, or announcements?

ASSISTANT CLERK: No...(recorder malfunction).

SENATOR PAHLS: (Recorder malfunction)...in fiscal year 2006 from the Electrical Division Fund to the State Electrical Board, Program 197, to aid in carrying out the provisions of this bill. Thank you.

SENATOR CUDABACK: Thank you, Senator Pahls. You've heard the opening on LB 614A. Now open for discussion. Senator Schimek.

SENATOR SCHIMEK: Yes, thank you, Mr. President and members. I rise reluctantly to express once again my opinion on the underlying bill for this A bill, and I believe the bill itself is going to be up tomorrow, so I will save more of my comments for tomorrow, but I just want to add a cautionary note. I am going to be voting red on this A bill. Don't generally do that. Once a bill is passed, I figure we need to fund it. But I think that perhaps we're enacting a bad public policy here, in the

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first place. I believe if we do this for this small group within the collective bargaining unit that we open the door to other collective bargaining units coming to us individually, and I don't think that we want to encourage that. But secondly, I'm not even sure if it's legal for us to do this. The unions and the state did collective bargaining on wages and other terms of employment, and we, in essence, I believe, may be helping to break that contract, and I'm not sure that we can do that. And I hope to have more information on that aspect of it tomorrow. But I just wanted to say, let's be careful what we're doing here. Is this really what we want to do? I know it was late the other night when we discussed the bill. I didn't hear anybody else express those same reservations, but I've dealt with this issue for a number of years now and I know that it is possible for the state and the union to go back into negotiations and solve this problem if there's a request from one side or the other. I don't believe that request has been made (recorder malfunction)...and unilaterally try (recorder malfunction)...

SENATOR D. PEDERSON: (Recorder malfunction)...which is the implementing portion of this that provides for the funding for the...for the bill of Senator Pahls', and this is funding that is coming from cash funds. The workers pay into the (recorder malfunction)...to have this done. This is not coming from General Funds of the state. It's coming from the cash funds of the people that work with the electrical union. So with that, I would ask you to pass LB 614A.

SENATOR CUDABACK: Thank you, Senator Pederson. Senator Chambers, on LB 614A.

SENATOR CHAMBERS: Mr. President, members of the Legislature, when the bill itself was being discussed, I was involved in something else and did not follow carefully what was going on. And to be quite frank, I didn't have time to get into the discussion. But Senator Schimek is raising an appropriate caution. Suppose the state decided to go the other way (recorder malfunction)...state is acting illegally, so that is not likely to happen. But when you talk about a policy determination, as is being done here, there's no need in saying

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this is the only time that it will happen, because this will establish a precedent, no matter what anybody says. There are many things which might seem to be very alluring, very helpful to a particular group who are a part of a larger scenario. If one segment of workers can get the Legislature to grant something that the other workers are not going to have, it is not a wise thing to do. Now, I would like to ask Senator Pahls a question or two, so that I can better discuss this.

SENATOR CUDABACK: Senator Pahls, would you?

SENATOR PAHLS: Yes. Yes.

SENATOR CHAMBERS: What exactly does the bill do, the bill itself?

SENATOR PAHLS: Okay. The one part of the bill, Section 1, would give the...for fiscal...the next two years, the...a salary adjustment. Section 2 of the bill would, as you're indicating or as Senator Schimek, it would allow the board to help set the salary and make adjustments. But they could not do anything more than that money that would be appropriated in those years.

SENATOR CHAMBERS: And no other group of workers will be treated that way.

SENATOR PAHLS: No. One thought in this matter is this the only group of workers of...I should say employees in this...like the building trades. The Electrical Division is the only one. There's no plumbing, no framing in that...of that same domain. There's no other division like that.

SENATOR CHAMBERS: Could, as Senator Schimek suggested, this group negotiate with the state to obtain this concession in the same way that all others are obtained when there's a collective bargaining arrangement?

SENATOR PAHLS: It has been brought to my attention that this has been tried in the past, and I think this would be something that if we...to discuss in the upcoming next time around, it's...there's some history, some really interesting history on

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this particular bill. We could discuss it now or on the next time around.

SENATOR CHAMBERS: Okay. But still, could they approach the state and try to negotiate to obtain what you want to do by way of this bill?

SENATOR PAHLS: If both parties would do it. Appears...

SENATOR CHAMBERS: And the feeling...go ahead.

SENATOR PAHLS: It appears to me in the past that one side said that they could not do it because of rules and regulation; the other side was under the impression that this money that was allocated in the past was supposed to be spread out over all 15 of them. And there was some dissension in that. And Senator Schimek was involved in that, and I would entertain talking about this more in the future.

SENATOR CHAMBERS: But we can talk about it right now...

SENATOR PAHLS: Sure. Sure.

SENATOR CHAMBERS: ...on the A bill, because this is the funding. Without this A bill, the underlying bill is of no value. Isn't that true?

SENATOR CUDABACK: One minute.

SENATOR PAHLS: Yes, of no value.

SENATOR CHAMBERS: So why should we not discuss the heart of the monster rather than just the shell of the monster?

SENATOR PAHLS: Okay. Okay.

SENATOR CHAMBERS: This is the heart, isn't it?

SENATOR PAHLS: Yes. Yeah. Yes, without the monies and in Section 2, there's no reason to be talking.

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SENATOR CHAMBERS: Thank you. And I know my time is up, Mr. President. I'll put my light on.

SENATOR CUDABACK: Thank you, Senator Chambers. Further discussion? Senator Redfield.

SENATOR REDFIELD: Thank you, Mr. President, members of the body. I would remind everyone here that there actually has been a precedent set when we were talking about examiners for the Department of Insurance. We found that we were in jeopardy of not providing adequate examiners for a very, very crucial function of the state, and in fact it was incumbent upon us to provide that so that in fact other states could validate our examinations here of our insurance companies. So there is precedent for this process. There are certain jobs that in fact the competitive nature in the private industry is so high that our salary structure within the collective bargaining structure of the state I don't believe allows for that. Now, I believe that they could go back and they could negotiate it in the contract, but generally what they are asking for is for a general rising of the entire boat, and that would be so expensive and prohibitive for the state to raise all the classifications to get to the level necessary to provide people with this expertise that it might be impossible. So I am in support of Senator Pahls' bill and I wanted to just rise and share with the body that this is not a new idea. It is something we have done and I believe that it's necessary in this case. Thank you.

SENATOR CUDABACK: Thank you, Senator Redfield. Further discussion? Senator Brown, followed by Senator Chambers.

SENATOR BROWN: Mr. President, members, this is absolutely something that we have not ever done before. What we have done before is to make individuals discretionary employees. That's what we did when we were having difficulty within the insurance investigation field, in we added to the number of discretionary employees that they could have. And with discretionary employees, there's a difference in the way that you can do salaries. And so that's how we handled it in that circumstance. The only other way that we can handle it is to take a level of

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individuals and bump...I mean a group of individuals and put them in a different classification so that they're available to higher salaries. It's one of those two things that we should have done. When we get involved with picking individuals and not changing the job level of those jobs, but picking individuals and allowing them to come to this body and adjust the salaries outside of collective bargaining, that's all we're going to be doing in the future. We are going to be doing it for every single group that wants to make a case to us, and that's all we're going to be spending our time doing. And I think that there are two ways that we can address this. We can make some exception as to the number of discretionary employees that the department has and allow them to be discretionary and take them out of collective bargaining, or we can adjust, and that has to be done through a process through the Personnel Department, to adjust them to a higher level, a higher grade level within the collective bargaining. But once we get into the business of picking and choosing, that's all we're going to be doing, and collective bargaining is not going to exist in the state of Nebraska. Thank you.

SENATOR CUDABACK: Thank you, Senator Brown. Senator Chambers.

SENATOR CHAMBERS: Mr. President, members of the Legislature, a bargain is a bargain. Senator Brown and I don't often see eye to eye on matters of this nature. But she was very clear in her explanation, and I agree with what she said. I believe in collective bargaining. But I believe in unions, even though unions have not been fair to black people. Unions are as discriminatory against black people as management, sometimes even more so. The electricians' union has been notorious, and the plumbers' union, and bricklayers, and all of them, in excluding black people. But the concept of a union--workers using their numbers to try to improve working conditions and compensation and even benefits--is a concept that I agree with. There has been a bloody history in this country of union busting, even the utilization of federal troops, who shot down in cold blood union workers and those who were striking. So I am not speaking against the concept of unions. But I'm not the best friend of the unions, because they have not been the best friends of my people, never have been, probably never will be.

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But they want to come and seek our aid when they need numbers. One of the worst outfits is in Omaha, because Terry Moore is a part of it, a sellout. He is so close and tied in with management that I didn't know he was still supposedly the head of the union operation in Omaha. But be that as it may, either collective bargaining agreements mean something or they don't. If we do this, then I believe any time there's any collective bargaining agreement entered into, there should be a proviso: unless the state decides to change any or all portions of it prior to the next negotiating session. But to come in the middle of the game and select a group and say that because their circumstances are worthy of consideration therefore the collective bargaining process, the collective bargaining agreement, ought to be trumped, is not wise policy. What Senator Pahls is doing is not corrupt, and I don't want to give that impression. But I've had groups come to me to try to get me to do, not exactly this, but similar things. I just tell them no. We don't have to do everything that people bring to us to do. My good friend--I think she might...she is now; she might still be--Senator Abbie Cornett has a group who are not a part of a collective bargaining unit, but who want some special consideration, that I'm bound and determined not to see happen through this Legislature. So I don't play favorites. And Senator Pahls, as much as I identify with you because you wear a beard...you look very distinguished in it, almost to the extent that I do, so there's kind of an affinity here. But to be quite frank, I just like Abbie better than I like you. But even with that, I've got to oppose what she's bringing, because I don't agree with that idea and that approach as a policy for the state. So I am not going to...

SENATOR CUDABACK: One minute.

SENATOR CHAMBERS: ...support advancing the money bill. And when we get to the bill itself on Select File, I'm not going to support the bill. If I were not active in so many other issues, I may have been able, when that bill came up, to do something on it. But I can't do everything around here. I'm not going to try to do everything around here. But we have three stages of debate. So what might slip through the first and the second can be caught on the third. I would like to catch this one on the

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second. And therefore, I will repeat, I'm not going to support advancing this bill, this A bill. But I won't wage my main struggle at this point. Thank you, Mr. President.

SENATOR CUDABACK: Thank you, Senator Chambers. Senator Schimek, followed by Senator Pahls and Raikes.

SENATOR SCHIMEK: Yes. Thank you, Senator Cudaback and members. As I said at the beginning, I didn't mean for this to be an extensive debate this morning. Although, as Senator Chambers says, maybe this is the place we ought to have it. But I need more information before we get to that second round of the debate tomorrow. But let me just say, I put my button on because of something Senator Redfield said. And I'm aware of the bank examiner issue. I'm also aware that those folks had to leave the collective bargaining unit. In other words,...in order to receive their additional benefits, their additional salaries. And so now they're not protected employees at all. They're not part of the union anymore. And I don't think that that's what we want to encourage in this particular case. I'm not even sure that the people involved want that. So that's...that was one point I wanted to make. Also, somebody mentioned, and I think it was Senator Pahls, but I don't remember for sure, some...or maybe it was Senator Pederson, mentioned that these are Cash Funds only. But I believe that we have either some kind of a policy, or maybe it's even a state statute, that says, just because somebody has Cash Funds doesn't give them special privileges over agencies that aren't Cash Funded. I mean, that's not the way we've generally operated. Last night, I think, on the...or, night before last, I guess--I'm getting confused--it was mentioned that this has been an agreement between the unions and industry. Well, that's not who the agreement has to be between. The agreement has to be between the two parties that made the agreement in the first place. Needs to be between the state and the unions, not industry. And what we would be doing in this bill is giving to a totally independent board the right to set salary levels. And I...that boggles my mind. I don't think we want to do that. The salaries do need to be adjusted. I don't think it's a good policy to have people who have oversight over other people making lesser salaries than those journeymen, in this case, who

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make higher salaries than the inspectors. There's something out of kilter there. It needs to be solved. I agree it needs to be solved. And it needs to be solved at the bargaining table. The only other solution that I know of is that these folks leave the collective bargaining unit, and therefore can...their salaries can be raised. That's the only thing I can see. I'd be just overjoyed and delighted if somebody would show us another way. I know Senator Cudaback has worked on this issue. We've all worked on it. And those are my conclusions. And I'm thinking we're doing something here we will regret later. Thank you.

SENATOR CUDABACK: Thank you, Senator Schimek. Senator Pahls, followed by Senator Raikes.

SENATOR PAHLS: Thank you, Mr. President. This round...I did not expect these questions on this round. I expected them on the next round. But I...just a couple of words. It is interesting. This issue has been around for a long time. And for us to get involved in collective bargaining process, I understand the...that could be a slippery slope, and I do not want to do that. I think the next time around, there are some issues that we could bring up, and maybe this could be resolved off the floor. Thank you.

SENATOR CUDABACK: Thank you, Senator Pahls. Senator Raikes.

SENATOR RAIKES: Thank you, Mr. President, members of the Legislature. I am going to support the bill, for the reasons that Senator Pederson mentioned. These are Cash Funds, and so I think it would be sort of unwise to reject this A bill at this point. I will tell you, I agree with my colleagues who have described this as bad state policy. I don't think this is a good policy. I don't think this is something we should do. But that can be further discussed on Select File. Thank you.

SENATOR CUDABACK: Thank you, Senator Raikes. There are no further lights on. Senator Pahls, did you wish to close on the advancement? Senator Pahls waives closing. The question before the body is, shall LB 614A advance to E & R Initial? All in favor of the motion vote aye; those opposed to the motion vote nay. The question before the body is advancement of LB 614A.

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Have you all voted on the question who care to? Record please, Mr. Clerk.

ASSISTANT CLERK: 30 ayes, 3 nays on the advancement of the bill, Mr. President.

SENATOR CUDABACK: LB 614A advances. We now go to General File, 2005 senator priority bills, the Cornett division. Mr. Clerk, first, we will pass over LB 312, as you all know, and go to LB 90. Mr. Clerk.

ASSISTANT CLERK: Mr. President, LB 90 was introduced by Senator Wehrbein. (Read title.) Bill was read for the first time on January 6, referred to the Revenue Committee. That committee reports the bill to General File with committee amendments. (AM0249, Legislative Journal page 441.)

SENATOR CUDABACK: Senator Wehrbein, you're recognized to open on LB 90.

SENATOR WEHRBEIN: Thank you, Mr. President, members. I'll be very brief. The bill was originally introduced as LB 90 with a half-cent checkoff on corn to fund the ethanol production credits that we have. I will go into much more detail in due time as to the reason for that, suffice it to say now. The history behind that I've passed out in one of the handouts. It gives the background. It's called, the ethanol production incentive background...credit background, going back to LB 536, when we made the commitment to fund...or, incentivize new plants. And the...what was raised from the checkoff and what was raised from the General Fund, if you notice, was LB 536, as I said. In 2004, we passed LB 1065, which was to fund the possible credits that we might have with plants that qualified as June 30, 2004. We didn't totally fund it. We came in somewhat short, raised the checkoff another quarter cent, and took some money from the LUST fund transfers, and took some from the off-road refund, to cash flow us through about this November of 2005. I introduced the bill then this last year, in order to fund additional money using the checkoff, at that time only, of another half cent. Then it went to Revenue Committee. And I think I will let Senator Landis catch us up on the Revenue

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Committee. And then I have a committee...an amendment following that that I would ask to become the committee amendment and ultimately the bill.

SENATOR CUDABACK: Thank you, Senator Wehrbein. As stated by the Clerk, there are committee amendments by the Revenue Committee. Chairman of the committee, Landis, you're recognized to open on AM0249.

SENATOR LANDIS: Senator Cudaback, members of the Legislature, this is a way station on our discussion of the topic today, because this provision will be stricken, basically, by an amendment that will shortly be offered. The Revenue Committee reported out LB 90. And to the checkoff provision, we added \$2.5 million of General Fund money. I will tell you, in part, my thinking on that, because in fact the motion to add the \$2.5 million was mine. We had run the ethanol program into the ground, in that we had more ethanol plants than we had known revenue sources to pay for it. And we had...we were shutting the door last year in ethanol considerations, closing the program. But that window remained open for a while, and the Revenue Committee adopted, on Senator Baker's bill, language which indicated to...essentially, to the financial community, that the stills on wheels had an uncertain future. And because of that, they would have difficulty coming up with financing. And in fact, it would...it served as a disincentive to the creation of the stills on wheels. Someplace along about late General File or Select File, some of my colleagues and some of the lobby basically realized that the ethanol bill couldn't pass without the support of a number of us, a number of us who have interests with respect to urban centers and employment and organized labor. And their price for continuing to support the bill was the taking off of that provision, the provision that made it difficult for the stills on wheels to be successful. Political reality being what they did, they won the day. It was taken off. At that point, the stills on wheels wound up being a common phenomenon. And in the event some or all of those now wind up costing the state subsidy, we're looking at an underfunding of the ethanol program by about \$128 million. I have historically argued that we're...that the General Fund is done for incentives, we've done our share, and the normal ways

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in which we assist ethanol plants are...should be the same as we assist all other economic development, through LB 775 and LB 620 and those normal programs, which they get to use. But we have special incentives in this area. And I've said, well, I'm done with that, and I'm not helping anymore. But it strikes me that as of last year, I think urban senators like myself bear a burden, since, in fact, it was, I think, largely an urban agenda that pushed the stills on wheels back into the mix, allowed them to be part of our future, and have given us the chance at \$128 million of unfunded mandates in the form of ethanol promises. So, towards that end and for that reason, I thought, well, okay, General Fund, \$2.5 million. I offered the amendment. I made the argument. The committee accepted it, and it wound up being this amendment to LB 90. It's AM0249. It's \$2.5 million of General Fund money for ethanol.

SENATOR CUDABACK: Thank you, Senator Landis. You've heard the opening on the Revenue Committee. There is an amendment. Mr. Clerk, please.

ASSISTANT CLERK: Mr. President, Senator Wehrbein moves to amend the committee amendments with AM1346. (Legislative Journal page 1360.)

SENATOR CUDABACK: Senator Wehrbein, to open on your amendment to the committee amendments to LB 90.

SENATOR WEHRBEIN: Thank you, Mr. President and members of the Unicameral. This bill...or, this amendment, LB 1346...or, AM1346, would now become the bill. And it brings together four different provisions, four different bills, one of which is LB 688, which is already in Senator Stuhr's LB 71. But what this proposal does at this point, it would have three areas: one on ethanol; one on agriculture opportunities and value-added partnerships; and one on LB 273, which is Senator Cunningham's, the Building Entrepreneurial Communities Act. I'm going to spend a little bit more time on the ethanol incentive. This proposal proposes to raise the checkoff by one-eighth of a cent, and to add \$2.5 million per year, a total of \$17.5 million, that will fund nearly all of the revenue...of the EPIC fund out through 2010. What it includes is the five plants that are

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presently operating, plus one additional plant out of the six that qualified last June 30, 2004. That list is on one of the handouts I handed also. It's called, ethanol plants which qualify for tax credits. If you look at that, the ones that are in production that we're paying under...on now, under LB 536, is: Trenton; Central City; Kearney, which is KAAPA, by the way; Sutherland; and Plainview. Then we have the next six down there, which qualified as of June 30, 2004. At the present time, the only one that looks like is going to be successfully producing in the near future is Lexington. So in this proposal, there is enough money for the five plants: Trenton; Central City; KAAPA, Kearney; Sutherland; and Plainview; plus Lexington, which is now building and estimated to come on line shortly after the first of the year. The other five plants--Ravenna, McCook, Cambridge, Madrid, and Norfolk--even though they qualified through the still route, as Senator Landis used the term, are not presently...it isn't know at this time if or when they will come on line. So this proposal here purports to fund our obligation as envisioned under the LB 536 under previous Legislatures, it raises the checkoff one-eighth of a cent, and it includes General Fund money to the extent that it will adequately fund this. And you have another cash flow sheet that shows where that fits in, out through 2010. It's based on about a billion-bushel corn crop a year. We're raising more than that. Not all corn is checked off. If you feed your corn, it does not get checked off. But anything goes into commercial or market channels, there is a checkoff, right now at one and three-quarters cent. This proposes to raise to one and seven-eighths. As you can see there, using that one plant, i.e., Lexington, plus the other five, we can almost fund it all out through 2010. We think it's probably close enough at this point, considering all the factors and our best guess as to what plants will produce, what plants will...and how soon Lexington comes on line, that we'll be very close to funding this, with the idea that the other five plants that have qualified but may or may not come on line. Part of the idea was, here, to fund this early on with General Fund, so that we can meet our obligations. And I can't really emphasize the seriousness of our obligations. We tried last year, if you recall, and we decided to delay it. We did a minimal to meet cash flow considerations. Now this proposal purports to take us on

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through the whole issue, using General Fund money. I also have another handout that is on...called, ethanol production incentive credit background. And if you'll go to the bottom there, showing the balance, since the total funding since the package of LB 536, there's been \$64,375,000 from checkoff; \$28 million from General Fund; \$12 million from LUST, the Leaky Underground Storage Tank Fund; and \$1.875 million from the off-road fund. That is the thrust of the proposal on the ethanol. I'm going to move on, very briefly, on to the rest. Senator Stuhr and Senator Cunningham will talk about their bills. Suffice it to say, this also includes LB 71, which Senator Stuhr has already gotten through General File. This becomes part of this bill, will provide grants up to \$75,000 to cooperatives, groups, or associations. It's a bill that was previously introduced in 2001, and was fairly successful for two years, until we went through the budget crunch and it was reduced. There will be...there are...I didn't bring my file, but there are are several...many successful projects that have come out of that, including one very successful, the KAAPA, K-A-A-P-A, Kearney Area Ag Producers Association, that has built a very successful ethanol plant based on the initial funding of the business plan that they drafted. They are now in the process of even doubling their production. In that bill also is Senator Mines' bill. I'll let him talk about it. It's where it increase the maximum loan and the net worth need to \$500,000 for NIFA loans. The other one is number four if you're looking at the summary of LB 273, Senator Cunningham, the Building Entrepreneurial Communities Act, which provide grants to rural communities that create partnerships of two or more local political subdivisions to apply for grants. At now...right now, it's in the bill at \$75,000 per grant. This is the thrust of this particular amendment that, as I said, if adopted, would become the bill. It meets the requirements, I believe, or obligations to ethanol. And I'm going to go into more of that as time goes along, as to the value of what ethanol plants in Nebraska have created, as far as economic development, not just rural, but all of the state, and the fact that motorists today are enjoying a benefit of our ethanol production in the state per the 50 gallon...\$50 per barrel-plus oil costs that we are serving now. Ethanol has been able to mitigate some of that in Nebraska, to quite an extent. And I will have some more details

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on that, to what extent that that has happened. And so I think all taxpayers, all consumers, are benefiting, particularly, in this state today, because of our ethanol production, and the encouragement that we've given to establish ethanol plants across the state for everyone to participate, not only from property tax paid, from jobs provided, from investment provided, and from the by-products, i.e., ethanol, and the feed products, by distiller's wet grain, and distiller's dried grain, among others. I think I'll...if I...how much time do I have, Mr. President?

SENATOR CUDABACK: About two minutes, Senator.

SENATOR WEHRBEIN: I will turn my time over to Senator Stuhr, if she would like the rest of my two minutes. And then I'll punch back in.

SENATOR CUDABACK: Senator Stuhr.

SENATOR STUHR: Thank you, Senator Wehrbein. And thank you, Mr. President and members of the body. You do, and have just received a handout on LB 71. I'll just spend just a short time. But I do want to stand in support of AM1346. I believe that it's a diversified package that will definitely help not only the rural areas, but the state of Nebraska. And I think that's one of our primary objectives, is to grow our state. So as Senator Wehrbein has stated, we will be asking for a one-eighth of a cent increase in the checkoff for corn producers, which will bring that total to seven-eighths of a cent. And I would just like to mention that I believe that we're the only group that is actually paying a tax. And...but we are willing to do this because we believe very much in the ethanol industry and the good that it does, not only in rural Nebraska, but, as I said, for our state. I will share with you a little bit about LB 71, the Ag Opportunities and Value-Added Partnership Act. As you know, this act was originally introduced in 2000. It was in existence for several years. And then, because of our budget funding, and...

SENATOR CUDABACK: One minute.

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SENATOR STUHR: ...it was not funded for several years. But some of the purposes are to enhance the opportunities for small businesses in ag and rural communities, and to encourage partnerships, networks, and cooperative efforts for promotion of value-added activities. I believe we've been talking about this for years, that not only do we need to produce a product, but we need to add value to that product. And this will then provide some grants, up to \$75,000, to communities, to counties, to agencies, educational institutions,...

SENATOR CUDABACK: Time,...

SENATOR STUHR: ...nonprofit...

SENATOR CUDABACK: ...Senator Stuhr.

SENATOR STUHR: Did you say time?

SENATOR CUDABACK: I did, Senator.

SENATOR STUHR: All right. Thank you.

SENATOR CUDABACK: Thank you, Senator Stuhr and Senator Wehrbein. You've heard the opening on the Wehrbein amendment. Mr. Clerk. We now go to discussion of the Wehrbein amendment. Senator Connealy.

SENATOR CONNEALY: Thank you, Mr. President, members. I think this is a logical approach. This is a state's responsibility. We have taken on this, and we've had success. Well, we passed a bill a few years back that built ethanol plants. And we shouldn't really complain about the fact that we have some obligations, because it is doing what we wanted it to do. And it...and hopefully, we'll build more plants. We do have a possibility of more. I think that the Lexington will be built. Whether anyone else will or not is up in the air. But that obligation going forward, we as a Legislature, I think, have to fund. But we ought to also take pride in the fact that we're using grain and making a product that is good for our economy and for our environment, and that it is a win for this state if an ethanol plant comes to us. It uses our product to add value

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to the state, add jobs, and becomes part of the liquid energy system in our country that is needed, now more than even it was needed when we passed the bill originally. I had a bill in to actually...to provide for a new ethanol program going forward for plants that aren't on this list, because there are...there is a...at least a need for incentives. We're going to, I believe, build about 30 ethanol plants in the United States over the next couple of years. For us to be part of that 30, I think that we need another incentive package. That's not what this is. This is paying for what we've already done. And I think this is the right path. Although I do not want to raise the corn checkoff, I don't like raising taxes, I believe that this is a good negotiation. It actually puts some General Fund dollars in that I believe is justified. Farmers are still paying a huge part of this load, and we ought to take that into account when we do this. The farmers are stepping up and putting more of their money in than many other industries, in trying to promote business here in their communities, and promote a user of their products. And they ought to take a lot of pride in that. And we as a Legislature ought to take pride in these facilities as they go up. It is a burden, and we have to worry about making sure that we have the revenue and the funds to pay for those. But I don't think it's something that's bad or it's something that we ought to say we shouldn't do. This is a great program, and a real benefit for this state. It will move us up to seven-eighths of a cent going into the EPIC Fund. Added with the quarter cent of checkoff that goes to the Corn Checkoff Fund, it makes us one of the highest, if not the highest, corn tax in the nation. We've taken that burden on, and we've done something different than other states in putting actual farmers' dollars into these incentive programs. We have to understand that as a Legislature. But it's something that the agricultural community has begrudgingly agreed to, to build an industry that is good for communities like Blair and Columbus and Plainview, and now maybe Lexington. So it's a great program, and it's probably the right solution. There's other parts of this bill that are good for small rural economic development. And I applaud the sponsors and the combination of those to balance off some stuff that we did on the big box program that we talked about yesterday. This and LB 312 is, to some extent, a package to try to broaden out economic

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development for the state. And I don't think it's a brand-new, big program for ethanol. It's paying the bill. It's something we should do, and...

SENATOR CUDABACK: One minute.

SENATOR CONNEALY: ...it's probably the right way to do it. Thank you.

SENATOR CUDABACK: Thank you, Senator Connealy. On with discussion, the Wehrbein amendment, Senator Schrock.

SENATOR SCHROCK: Mr. President, members of the Legislature, I want to preference my comments, because it may not seem like what I'm saying, but I do want to preference my comments by saying I support LB 90. I was a part of the process. But I want you to pardon me for a little bit while I whine. And I think, being elected to this office, I have the option to whine, and that's what I'm going to do. And I want to preference my comments by saying, production agriculture has been good to me and my family, and I appreciate that, and I love this state. But the tax climate for agriculture in this state is probably the worst of any state in the area. And I think it's...I think you need to be told that. I would guess, when Senator Heidemann ran for office, he ran on the premise that, by golly, we're going to do something about property taxes. I think every farmer in here who runs for this office and is successful, they run on a platform, we're going to do something about property taxes. Well, I can tell you, the last edition of the Nebraska Farmer gave a report on what ag land valuations did this last year. Statewide, they went up 10.9 percent. That means most farmers are going to be paying 10.9 percent higher property taxes next year, when this all gets assimilated by our county assessor. Senator Langemeier is standing there looking at me, and you would shake your head yes, that's probably what's going to happen. We gave tax breaks yesterday to some people who probably deserve it. We all deserve a break when it comes to taxes. But the reality is, we can't all have a break. So we are the only state in the area that I know of that taxes personal property on agriculture. And a lot of that machinery is only used about 30 days a year. I represent an area of the

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state where a lot of farmers have land in Kansas and Nebraska. I guarantee you, where their machinery is, come January 1, it's in the state of Kansas. We have a problem there that needs to be corrected. We're not going to get that done this year. But we do need to correct that. I have to say something about the State Chamber of Commerce. I commend them for their hard work on this. But I would remind the State Chamber of Commerce that agriculture is also a business in this state. And sometimes I wonder if they have enough concern for the agriculture climate for the producers in this state. They've been great when it comes to ag processing facilities and that type of thing. So the State Chamber has worked hard on this. I salute them. But don't forget the agriculture producer. With this handout that Senator Connealy passed out, you will see that we will become the highest corn checkoff state in the nation. And you've heard me say this--we are the only state that taxes corn for the purposes of an ethanol subsidy. And I would guarantee you, correct me if I'm wrong, the farmers are the only ones going away from this legislative session with a tax increase. Am I wrong on that? The farmers...I'll say that again. The farmers are the only ones leaving this state this year that are going to have this session increased their taxes. Now, I was part of this deal. And I was...and I'm satisfied that we're doing the right thing. Don't misunderstand me. But I think we need to keep that in mind. So I do support this bill. Some people make a big deal out of, over seven years we're going to put \$17.5 million into the EPIC fund for ethanol production. I appreciate that. It gets us closer to what I think is a 50-50 match, where farmers should pay for half of the incentives, and the state should pay for the other half. We are not the largest ethanol producing state in the nation. We are probably third, or maybe fourth, depending on where Minnesota lies. Iowa and Illinois produce more ethanol. And they don't have to tax their farmers for their subsidies, because of different climate...of different tax climate, and more population, and a not as sparsely populated state. And they have other sources of revenue, which I'm not going to talk about now. But they do have other sources of revenue that we don't have. So with that,...

SENATOR CUDABACK: One minute.

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SENATOR SCHROCK: ...I encourage you to vote for LB 90. I would remind you that the \$17.5 million that are put into the EPIC fund will expire after seven years, where the \$50 million to \$60 million LB 312 obligates us to will go on and on and on and on forever. I thank you for your time. I hope you don't mind hearing me whine. I do commend Senator Wehrbein, Stuhr, Connealy, Cunningham, all those who worked on this bill. And I'm glad that you let me be a part of it. One other thing, it does bother me that we still have a lot of service stations in this state that don't dispense ethanol. That bothers me a lot. But I'm not supposed to talk about that. That's not part of the deal. I think it's real sad when our consuming public--and a lot of them are farmers--are not using ethanol. And the price of ethanol today is about \$1.10 a gallon.

SENATOR CUDABACK: Time, Senator Schrock.

SENATOR SCHROCK: That's why it's 10 cents cheaper at the pump.

SENATOR CUDABACK: Thank you, Senator Schrock. (Visitors introduced.) Senator Chambers.

SENATOR CHAMBERS: Mr. President, members of the Legislature, this morning we come to EB--the ethanol boondoggle. There is a glut of ethanol in the country. The driving force, the driving political force that will keep the federal government giving those heavy subsidies to the ethanol industry is Archer Daniels Midland. They are the biggest producer of ethanol. They have several plants around the country. They will not tell what the production capability is of any one of those plants individually. ADM refuses to do that. The amount they produce a year I think is something like one point...I don't remember if it's two, three, four, or seven, billion gallons. But it's over 1 billion gallons. ADM is the largest producer. There are two others that are fairly large, but it's ADM. ADM contributes to the campaign of various congresspersons. I would like to ask Senator Wehrbein a question or two, because he understands ethanol. And if Senator Connealy were here, I'd be grilling him. This is one of those situations where...maybe before I go on, I'd like to mention to the Chair, because I...I'm going to

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divide the question. I want to do that. So should I come up and do that now? Or should I go ahead and finish this time speaking?

SENATOR CUDABACK: If you're requesting that now, why don't you and Senator Wehrbein come forward, if that's the amendment you are going to divide.

SENATOR CHAMBERS: I think that would be the thing to do. Thank you.

SENATOR CUDABACK: Senator Chambers and Senator Wehrbein, come forward, please. The Chair does determine that the question is divisible. Mr. Clerk.

CLERK: Mr. President, pursuant to your order, two divisions, as requested by Senator Chambers. The first division of the original Wehrbein amendment will consist of, essentially, beginning on page 2, lines 26 through the balance of the original amendment. So it's beginning on page 2, line 26 through the balance of the amendment. That will be known as FA259. And as Senator Wehrbein has requested, that that be considered first. The second amendment will consist of pages 1 through line 25 of page 2, and will be known forevermore as FA260. Senator Wehrbein, FA259. (Legislative Journal page 1452.)

SENATOR CUDABACK: Thank you, Mr. Clerk. As stated by the Clerk, two divisions. Senator Wehrbein, you're recognized to open on the first division, known as FA259. Senator.

SENATOR WEHRBEIN: Thank you, Mr. Speaker and members of the body. Much of what is in this first provision is what I talked about in my opening, which talks about the increased checkoff on corn, \$2.5 million a year for the ethanol fund. Includes provisions of LB 71, Senator Stuhr's bill, which also include, at this point, from LB 688, Senator Mines, on NIFA. That will be the first division. The second division has to do with Senator Cunningham's LB 273. I simply wanted to talk a little bit more about the ethanol. Did some research on ethanol. We use...1 cent of, in this case, gas tax in the state of Nebraska

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raises about \$12 million. So the reason I parlayed that into 1 cent gas tax, 1 cent a gallon, is 12...equals \$12 million. The use of ethanol in Nebraska has increased. January, it was 53 percent. That's been kind of a stable number for quite a few years of market penetration. But it's estimated, since February, March, and through April now, we're as high as 60 percent utilization of ethanol. The only reason I'm bringing this up is that what we have done to encourage ethanol production in Nebraska is actually benefiting, now, the taxpayer, i.e., the consumer, i.e., the motorist, that is using...they're using ethanol fuel. Because that fuel is cheaper. I didn't look back a full year, but I'm thinking that probably ethanol has been 2 to 4 cents cheaper per gallon for quite a long time, at least for a year. Now, we all know that there is easily a 10-cent differential between ethanol and regular gasoline. And in many cases, I was purchasing in Omaha last Sunday, where it was 20 cents a gallon cheaper. The point being that even if you have half of the market penetration, 5 cents versus 10 cent difference, if it's 5...if it's 10 cents differential, and we're having 50 percent market penetration, not 60, but just 50 percent, that figures out to about \$60 million a year saving that Nebraska motorists in this case have by using ethanol, under the present circumstances. So not only do we have the benefit of jobs across Nebraska, investment across Nebraska, property tax paid across Nebraska, diversity across Nebraska, market for our grain across Nebraska, the by-products across Nebraska, plastics across Nebraska, high-fructose sugar being produced in Nebraska, and some other things that I'm not even familiar with, probably, and the jobs that we've provided; we also have the benefit at the pump if you drive a car. And so this is the reason behind this. I think the incentives have worked. We have plants coming on line. There is a federal subsidy, as Senator Chambers mentioned. It's about 5.1 cents per gallon. But that's the only subsidy we have at the federal level. And one of the reasons they do that is because it does mandate at the federal level in their energy bill, it's about 5 billion gallons, now they want to go to 8 billion gallons, so that it forces petroleum companies to use ethanol, to bring it in. And that will provide some additional use of ethanol. It encourages it. I realize not everyone agrees with that, but that's the basis behind that. But the

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plants, I...as I've handed out here, the ones that are getting in Nebraska, once again, by and large it's local investors. The plants that are here on my list--Trenton; Central City; Kearney, which is KAAPA, as I said; Sutherland; and Plainview--are either local investor-owned or local farmer-owned. They are not the large companies. ADM, true, does have Minnesota Corn Processors at Columbus. That one is long-gone in terms of subsidy. And so is Cargill. Those have all come and used their subsidy and are gone. But the ones we are subsidizing now are all, by and large, local investors, farmers, producers have banded together, and so forth. So I think it's accomplished the purpose. And I can't really see the down side. That's the essence of the first division. If Senator Stuhr, once again, would like a little more time, if she didn't get finished on the last one, I'd be glad to. But once again, the division of this amendment is the ethanol issue, LB 71, the equal...the value-added opportunities bill, which is Senator Stuhr's, and Senator Mines' on the NIFA. That's the first division. The second division is Senator Cunningham's. Thank you.

SENATOR CUDABACK: Thank you, Senator Wehrbein. The committee amendments to LB 90 have been divided, at the request of Senator Chambers. You've heard the opening on the first part of the divided question, FA259. Open for discussion. Senator Bourne, followed by Senator Stuhr.

SENATOR BOURNE: Thank you, Mr. President, members. I rise in support of this division, and the entire bill. I think that...I think it makes sense. We need to do this. I think it probably should have been a part of LB 312, but that doesn't matter, because I think we need to look at economic incentives throughout the state, not just separate out rural and urban Nebraska. With that, would Senator Wehrbein yield to a question or two?

SENATOR CUDABACK: Senator Wehrbein. Is Senator Wehrbein still on the...yes, he is. Senator Wehrbein, a question from Senator Bourne.

SENATOR WEHRBEIN: Yes.

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SENATOR BOURNE: Senator Wehrbein, you know, I've always supported ethanol and the development of the plants. And even as an urban senator, I realize that that's important to the entire state. And I have no objection to how you're funding this. I do think there should be some General Fund money. I think there should be a balance. But what I'm interested in is making sure that we, for once, fund it, rather than do it in a piecemeal fashion. And so what I want to do is explore a little bit about your funding mechanism, and discover whether or not it actually funds the program. Can you discuss that a little further?

SENATOR WEHRBEIN: Yes. If you look at the handout, it says, across the top, one-eighth cent checkoff, seven years of \$2.5 million General Funds, and adds one plant in January 2006. That's the cash flow sheet that we're working from, Senator Bourne.

SENATOR BOURNE: Okay. But that does not fund...okay, we're assuming there's six plants now...or, there's five plants now, and we're assuming that the Lexington plant will come open January?

SENATOR WEHRBEIN: Yes.

SENATOR BOURNE: And so that's...so that's a total of six plants. So if there are six plants that are up and running, drawing from the fund, will your division, or your committee amendment there, will that fund it?

SENATOR WEHRBEIN: It comes very close, but not quite, Senator Bourne. If you look out under 2009-10, it's \$889,000 short, and the next year it's \$8 million.

SENATOR BOURNE: So your...assuming there are six plants, your funding scheme will fund it in total through when?

SENATOR WEHRBEIN: Two thousand ten, approximately.

SENATOR BOURNE: Okay. So we have...okay. Now then, these plants, they qualify for eight years of credits. And then once

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they take eight years, then they drop off. So I assume some of these plants that are up and going--Trenton, Central City, Kearney, Sutherland, or Plainview--they will drop off from drawing credits as...and your flow chart here has taken that into account?

SENATOR WEHRBEIN: Yes, if you look across the top.

SENATOR BOURNE: Okay,...

SENATOR WEHRBEIN: It's plant one, two, three...yes.

SENATOR BOURNE: Okay. So how close are...you fund it in total through 2010, and then you are short, starting in 2010, by how much?

SENATOR WEHRBEIN: Well, the flow chart at this time would show \$8 million...\$889,000, '09 and '10; and '10 and '11 would be \$8,764,000. And remember, that's based on the modest-size corn crop that we're producing now. A lot...there's some variables in here that we decided not to try to guess at, at this point.

SENATOR BOURNE: Okay. So the scheme that you have here is more front-loaded, in that...or, in that it funds it through 2010? Or is there a greater draw on the fund in that year?

SENATOR WEHRBEIN: No, there's not a greater draw. If you want to look across under the General Fund transfer, there's \$1.5 million in 2004-05; then it goes...adds \$2.5 million, which goes to \$4 million, 2006 and '07, it goes to \$4 million; 2007 and '08, it goes to \$5.5 million, because that replaces \$1.5 million we did not fund at all a year ago...two years ago now; then it drops back to the \$2.5 million a year that I'm talking about.

SENATOR BOURNE: Okay. Have we taken into account...what if...as I...

SENATOR CUDABACK: One minute.

SENATOR BOURNE: ...read this chart here that you had handed out

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earlier, there's five plants now. People think that Lexington will come on line. Then there are five other plants that have either applied for or qualified under (inaudible).

SENATOR WEHRBEIN: They've all qualified.

SENATOR BOURNE: Okay. So do we know if those other five plants will be built?

SENATOR WEHRBEIN: We do not know at all. I...week to week, we try to check. At this point, I do not know of any great activity at Ravenna, McCook, Cambridge, Madrid, or Norfolk, Senator Bourne. We know Lexington is coming up out of the ground very actively.

SENATOR BOURNE: Okay.

SENATOR WEHRBEIN: But the others, we hear different stories. They qualified by the portable stills. And some would say that the sites are not conducive. I don't know exactly how long it is that their permits will last. But there needs to be activity over the next few months, if not year, if they are to remain qualified, as I understand it.

SENATOR BOURNE: Okay. Senator Wehrbein, I don't have any trouble, again, with some General Fund money going in there. And I understand...

SENATOR CUDABACK: Time. Thank you, Senator Bourne. Senator Stuhr, followed by Senator Engel.

SENATOR STUHR: Thank you, Mr. President and members of the body. I just want to finish speaking a little bit about LB 71, which is actually...we've had the discussion on the bill previously. And as I was stating, that it is a grant process of grants up to \$75,000, with a 25 percent match. And some of the eligible activities include research, education, and training, business planning, feasibility studies, development of cooperatives. And it may not be used for projects that assist only one enterprise. And that particularly is important because we are urging partnerships, co-ops, people working together to

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add value to what they may produce. It will be managed as a joint venture between the Department of Economic Development and the Department of Agriculture. There is also a new section, because this is not a new program, that will provide a recapture authority in the event that the grant funding are obtained fraudulently or misappropriated by the recipient. So I think we have just...we have made a good bill better through the discussion on the floor and the committee. And this bill is found in Sections 7 through 15 of the amendment. And I do support all parts of it. And I want to thank everyone that came together. I know someone said it's too bad that this isn't included in LB 313...LB 312, excuse me. But there was some negotiating, and some things that needed to be done by the rural senators. But again, we were looking at the entire interest of the state. And we are looking at a diversified...this bill, LB 71, and also LB 273 by Senator Cunningham, does look at all of the communities and how we can focus different programs on different communities. Also in LB 312 there was the Microenterprise Act. And that focuses on small businesses of around five employees. So I think, all in all, we are looking at some good programs that will encourage some jobs in Nebraska, will encourage our young people to come back to some of these rural communities. I know the Department of Economic Development has done various studies. They're looking at some of the areas that we are very weak in, in Nebraska. Entrepreneurship is one area that we need to do more work. And again, that is more of the focus in LB 273. We need to do more investment in new and existing businesses. And I believe that LB 71 does help in that area, and also the ethanol provision that is found in LB 90. Also, we need to do more in research and development, in resources in those areas. And I believe that LB 312 does point out and does help us a little bit in that area. I did want to share with you, since the ethanol division...we are actually on the ethanol division, that it shows that ethanol...

SENATOR CUDABACK: One minute.

SENATOR STUHR: ...really does boost the local economies, but also the state of Nebraska in their economies. The combined annual output of the plants is estimated at \$1.2 billion. As it

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has been noted, the state's ethanol production will top 544 million gallons in 2005. And only Iowa and Illinois produce more. Also, another study has found that 4,000 jobs have been created at ethanol plants and related businesses in Nebraska. The combined annual payrolls of Nebraska plants exceed \$36 million. The state income tax receipts increase by \$17.5 million each year. And the existing plants...

SENATOR CUDABACK: Time.

SENATOR STUHR: ...pay \$3.4 hundred thousand in property taxes.

SENATOR CUDABACK: Thank you, Senator Stuhr.

SENATOR STUHR: Thank you, Mr. President.

SENATOR CUDABACK: Senator Engel, followed by Senator Cunningham.

SENATOR ENGEL: Mr. President, members of the body, Senator Stuhr has given you a litany of all the benefits of employment, et cetera, so I will not go over that. But I...like I say, I've used ethanol ever since it...the first embargo, many, many years ago, in all of my vehicles. And I've certainly encouraged everybody else to use it. So that's a selling job. We have to sell more people on utilizing this important product. And it certainly is good for...this entire bill, LB 90, is good for all of Nebraska, and especially rural Nebraska. Because by coming up with value-added incentives so the farmers can use their products that are value-added to come up with other products that they could sell, and that's how we're going to help Nebraska grow. Listening to Senator Schrock, now, he said he was in favor of this bill. And I certainly wouldn't want to hear him when he's talking if he's against something, if...(laugh) with the way he's talking for it here. But I know he does support this bill, even though it does cost the farmers some more money. The situation in Nebraska is, we do have to grow Nebraska. We have to grow all across Nebraska, not just in our urban areas. And this particular bill will certainly help that. It will help all of Nebraska, and especially rural Nebraska. I do have a question for Senator Wehrbein, if he

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would...Senator Wehrbein, if he would respond.

SENATOR CUDABACK: Senator Wehrbein, would you yield?

SENATOR ENGEL: I have a question,...

SENATOR WEHRBEIN: Yes.

SENATOR ENGEL: ...as far as the incentives for ethanol production. Is there anything in this bill for any new plants that want to come on board?

SENATOR WEHRBEIN: No, there is not, per se, in ethanol. It is...in LB 312, I understand, is more friendly to ethanol plants than it was. But there's nothing...no direct incentive increases in this bill.

SENATOR ENGEL: Okay. The reason I asked, we do have a new plant coming, almost a given, up in Dakota County, Nebraska. And they are going about it without any of this EPIC Funds. But they...

SENATOR WEHRBEIN: There are several discussing that, Senator Engel. And...but I understand that LB 312 should be helpful on that line.

SENATOR ENGEL: Yeah. Well, I'm looking forward to that.

SENATOR WEHRBEIN: More helpful.

SENATOR ENGEL: But I do support the bill. And we'll be talking about it more as we get into certain provisions of it. Thank you.

SENATOR CUDABACK: Thank you, Senator Engel. Senator Cunningham, followed by Senator Wehrbein.

SENATOR CUNNINGHAM: Thank you, Senator Cudaback and members. Well, I appreciate all of the work that's gone into both LB 312 and LB 90 to get to this point. Senator Landis and the Revenue Committee worked very hard on LB 312. They worked with us on

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LB 90, this particular bill we're dealing with. And it's been good cooperation, and I appreciate what everybody has done to this point. I obviously do support this division of the question, and I support the whole bill. Now, when we're dealing with ethanol, obviously, I believe that ethanol is probably the number-one thing going for economic development in rural Nebraska. You've heard me talk many times about creating one or two or three jobs, how important that is to rural Nebraska. In Plainview, we have one of the new ethanol plants, and that created 30 jobs. And that's one of the smaller ethanol plants, by the way. And 30 jobs in a community like Plainview is a tremendous, tremendous benefit to the area. And when you combine that with the increased price of corn to the farmers, it brings a lot of money into the area. And then, to top it off, we talk about value-added and the investors, the farmer investors in the area that put money in that ethanol plant. They're not only selling their corn at a higher price because of the ethanol plant, but they're making money on the production of ethanol. And that's exactly what it was designed to do. So...and as you remember, in the year 2001, it was my priority bill and Senator Dierks' bill that brought about the new EPIC Fund. And so I'm very, very supportive. The next part of the bill is Senator Stuhr's value-added agriculture. I can't say enough for that either. It's been very successful. I believe it was Senator Wehrbein's bill the first time around? Is that right? And I believe it was very, very successful throughout rural Nebraska. It was used many times in my part of the state. And I think we need to continue that program. But I've always been a supporter of incentives, business incentives in Nebraska. And I told you that yesterday. Sometimes they don't seem to be the most...people in my district don't always appreciate them like I think they should. I think they maybe just don't understand them well enough. But I sometimes have felt that we don't get enough in outstate or rural Nebraska. There's just not enough there. It just takes a different kind of incentive, a lot of times, to help rural Nebraska. And I believe the combination of the bill LB 312 and LB 90 together is going to be good for urban and rural. And I'm looking forward to their passage, and I hope that you'll all stick together and we'll get that accomplished. And I'll return my time, Senator.

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SENATOR CUDABACK: Thank you, Senator Cunningham. The issue is, before the body, the first component of the divided Wehrbein amendment to the committee amendments. On with discussion. Senator Fischer, followed by Senator Kremer.

SENATOR FISCHER: Thank you, Mr. President, members of the body. First of all, I'd like to endorse something that Senator Schrock said earlier. Many times, when we talk about incentives in this state, and growing Nebraska and building Nebraska, we always leave out one of the biggest industries in this state, and that's production agriculture. The livestock industry specifically is never addressed in incentives. One of the options given out earlier during the discussions on this proposal would have created a new tier which would have allowed incentives for livestock feeders. That is not included in the package. I view including something like that for livestock producers and people in production agriculture as very important. As you know, in rural Nebraska we're losing our young people. And this is one aspect of this incentive package that I hope we can address in the future when we have these discussions. Because this is one aspect of the package that will bring young people back to their communities. If you offer incentives to people in production agriculture, specifically with livestock production, you will encourage young people to return to their family farms and ranches. And that is extremely important in my area of the state. I do support the package as it has been presented. I especially like Senator Cunningham's bill, which has been included in this package, LB 273, because the intent of this bill is to support economically depressed rural areas of Nebraska, and it provides a mechanism which will create a community capacity to build and to sustain programs that will assist in creating businesses, maintaining those businesses, and transferring them to other owners in the community. In short, this proposal would provide grants that would help communities learn how to help themselves. Most communities won't learn how to effectively build that capacity without outside funding and assistance. And LB 273, which is part of this package, is the mechanism that will help move those communities towards business development. An example of this was given at our committee hearing on this bill. If a community decides that it needs to attract a technology-driven

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entrepreneurs, it could hire a technology expert to do an assessment of the infrastructure, and then development and implement the desired plan. It was said at that hearing that Nebraska offers some excellent resources, and I have no doubt about that, through our university and other nonprofit organizations. But the testifier also felt that there is a weakness in the ability to identify community needs and to access those resources to meet the needs. Senator Cunningham's bill, LB 273, can help to develop that linkage between the community needs and those available resources. By having the counties and municipalities work together, and by having these communities choose how they should work together based on the different dynamics in each individual community, that's definitely a plus for this part of the program. I also believe that it's a benefit that the local leaders in our small communities would take part in this, because then they would be committed to making these projects work. And as you know, part of this bill is that the communities must demonstrate that they are ready to receive help, and they must apply...

SENATOR CUDABACK: One minute.

SENATOR FISCHER: ...as a collaboration, and provide a dollar-for-dollar match to receive the grant funds. Entrepreneurship drives economic growth, and entrepreneurship creates community-based leadership. This is a part of what we need to help rural Nebraska grow in this state. I'll return the rest of my time to you. Thank you.

SENATOR CUDABACK: Thank you, Senator Fischer. On with discussion of FA259. Senator Erdman, followed by Senator Chambers.

SENATOR ERDMAN: Thank you, Mr. President. I would yield my time to Senator Kremer.

SENATOR CUDABACK: Senator Kremer. Thank you, Senator Erdman and Senator Cudaback and members. I'd just like to make a few comments, as far as the EPIC Fund being funded by General Funds. I think it's very appropriate. And I have some figures that was put together by the economic research supervisor and Economic

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Development Department and the Nebraska Public Power District, as far as the impact of what the ethanol plant at Central City did for the community. We do know that it's a great asset for corn growers. And I think it's very appropriate that we share the funding of this, even though, as we can see, as mentioned before, that the checkoff figures have been, like, over the whole period of the program, \$64 million, compared to General Funds of \$28 million. But in Central City alone, a 40 million-gallon plant would provide 33 new jobs, an estimated payroll of \$1.2 million annually. Total value for annual production from the facility estimated at \$60 million. Annual property taxes paid to the facility exceed \$988,000. Total estimated employment effects resulting from the increase in economic activity associated with the operation of the ethanol facility are estimated to be 127 jobs, even though 133 directly at the plant. But all the...and it was broken down in the spin-off from the induced jobs, and also the indirect jobs that were created as far as trucking and many other things; 127 new jobs. Total income effects include labor, income, and property tax income, are estimated at \$5.2 million. The cost of approximately \$60 million to build and equip the plant. The annual operating expenses of a 40 million-gallon plant would be average \$56 million over a ten-year period, in the purchase of grain, water, electricity, natural gas. These expenditures will come from local supplies, and the dollars will be spent and will reverberate throughout the local economy. The operation of a 40 million-gallon plant will be estimated additional \$19 million in the household income in the community where the plant is located. You can see it's tremendous asset to any community to have the ethanol plant. And I think maybe Senator Wehrbein mentioned a little bit, even...I did some figures on a car owner. If you drove an average of 14,000 miles a year, and car averaged 22 gallons per...or, miles per gallon, it would be about a \$68...somewhere, \$60 to \$68 savings for each car owner in the year, if the spread is a 10-cent spread, like we see right now. So we see everybody benefits. Originally, LB 90 was a half-cent checkoff increase. That would have cost an average farmer--I figured an average farmer growing 200,000 bushels of corn, which is a relatively...not a large farm, but a midsized--would have cost the average corn grower \$1,000 a year. We're talking about economic incentive packages, that, how do we

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help rural Nebraska and agriculture, especially as we see the tremendous burden that property tax of agriculture does. And we're talking about incentives. And then we were going to increase the tax of the average farmer of \$1,000 a year. Didn't make any sense at all. So the corn growers were willing to add an eighth of a cent to show that they were willing to be part of the mix. But on top of that, then we needed some more from the General Fund. I think the...even though I think maybe...I don't know, Senator Bourne maybe mentioned that it was still a little shortfall in there. But the...it's assuming that the Lexington plant would come on stream January 1. And most plants take seven to eight months.

SENATOR CUDABACK: One minute.

SENATOR KREMER: So that's all they have from now to get it going to January 1. And it's pretty slow, the process there. It seems like there's not many people working there. I would doubt if it's going to be on line by January 1. So you're talking of maybe \$1 million or \$1.4 million less than what that shows. Plus, I think it was mentioned that the corn checkoff is based on a billion-bushel crop. Last year we had about 1.3 billion. If you'd take and add...if it's 1.3 billion for the rest of the program, that's going to be plenty to fund the rest of the shortfall out through that area. We don't know if any of the others are going to come on line. If they do, we'll have to address that. But this would take care of all the plants, plus the Central City plant. So just a few figures. And I think the impact on the different communities is tremendous, that it's something that it's not only the corn grower benefits, but everybody in the community, even schools. I know Central City mentioned that if there's new jobs, new families coming to town,...

SENATOR CUDABACK: Time, Senator Kremer.

SENATOR KREMER: ...new students, and that would be more state aid coming back to the community. Thank you, Mr. President.

SENATOR CUDABACK: Thank you, Senator Kremer and Senator Erdman. Mr. Clerk, announcement, please.

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ASSISTANT CLERK: Mr. President, the Education Committee will have an Executive Session at 10:45 in Room 2022.

SENATOR CUDABACK: Thank you, Mr. Clerk. On with discussion of FA259. Senator Chambers, followed by Senator Connealy and others.

SENATOR CHAMBERS: Mr. President, members of the Legislature, ethanol is one of those products that I have never been convinced about. Others are. It's the boondoggle that is taking place in Nebraska that I have opposed, which I still oppose. But I'm not going to fight the whole bill because of that. Unfortunately, the Legislature let itself get put over the barrel again, is obliged to do certain things. Senator Wehrbein has persuaded some of the people who will benefit from the production of ethanol to agree to kick in some money. I don't object to that. People, I think, mislead the public when they talk about ethanol somehow reducing America's reliance on foreign oil. Do you know what percentage of America's energy needs, based on these kind of products, is met by ethanol? Do you see how many fingers I'm holding up? Each finger represents a percentage point. One, two, three percent; 3 percent of the energy needs that come from petroleum and you talk about ethanol. Now, how long is it going to take you, if you grew the whole country in corn and nothing else, to overcome America's reliance on foreign oil? Bigger vehicles are being made, that burn gasoline. They are going to continue to sell, people are going to continue to drive them, because the advertisers have hooked America on anything big. Petroleum products are necessary to fuel the production of ethanol. Petroleum products would include diesel fuel. Ethanol cannot be channeled down a groove in the highway, so you just start running the ethanol down that groove, and it goes from one place, from the plant, to distribution points, and from those points to retailers. It's moved in trucks. Farm equipment is not fueled with ethanol. Farm equipment does not use ethanol. The trucks that move ethanol are not fueled by ethanol. ADM is the one that keeps the federal subsidy going. And without that, the industry would collapse. Everybody knows that. ADM acknowledges that countrywide, even with the so-called gasoline crisis--meaning

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prices are high, they're unnecessarily high--the inventories of oil have reached such a level that OPEC is not going to increase its output, because there is plenty of crude oil available. Prices are inching down. But Americans have been made to believe that these high prices at the pump are a fact of life now. So the prices stay high, and the petroleum industry is gouging the public. But the federal government will not do anything about it, because big oil, as it's called, also contributes to the campaigns of politicians.

SENATOR CUDABACK: One minute.

SENATOR CHAMBERS: Ethanol is one of the most politicized industries in this country. Why will ADM continue to produce it when there's a glut overall? Because they like the federal subsidy. And if anything is done to compel the petroleum industry to use more ethanol as a blend, ADM is going to get the lion's share, just as is the case with farm subsidies now. The big operations get the money; the little ones, who are supposed to be benefited, don't get anything. People have this romantic notion about saving the family farm, and federal subsidies doing it. And the subsidies don't even reach them. And not all areas of agriculture get the subsidies. They don't. People in a state like Nebraska don't even understand. I'll put my light on, Mr. President.

SENATOR CUDABACK: Thank you, Senator Chambers. (Visitors introduced.) On with discussion. Senator Beutler, followed by Senator Bourne.

SENATOR BEUTLER: Senator Cudaback, members of the Legislature, I support this...all parts of this bill. I hope it will have some significant positive effect on the various rural areas where it might be employed. The one section of the bill that I'm most unfamiliar with is Senator Cunningham's section. And I don't know if he's here now, but I wanted to go over a part of the bill with Senator Cunningham, if I could.

SENATOR CUDABACK: Senator Cunningham.

SENATOR BEUTLER: First of all, just one general question, both

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to Senator Cunningham and Senator Stuhr, when she has time to reply. But I noted in LB 312, with respect to the tiers and the new types of programs that were being added, that a termination date was put on at the year 2011. So my first question to you, Senator Cunningham, and to Senator Stuhr when she has time, is, since your section is a new idea, basically, as is Senator Stuhr's, and since they're both very broadly worded right now, as you know, would you have any objection to a sunset date of 2011, as on...as in the new programs, for LB 312?

SENATOR CUDABACK: Senator Wehrbein...Senator Cunningham, rather.

SENATOR CUNNINGHAM: Thank you, Senator Beutler. No, I personally wouldn't have an objection to that. I think that gives the programs time to work. And if they work like I'm thinking they're going to work, you know, we'll be able to extend them at that point. And obviously, if they're not working, they should be sunsetted. So I have no problem with 2011. But I think it's...they're going to be very valuable programs.

SENATOR BEUTLER: Senator, I share your optimism, but I appreciate that sort of accommodation. Now, here's something that I wanted to be clear on with regard to your intent. As I understand the general thrust of the bill, you're looking at ways to improve agriculture and agriculture-related value-added enterprises, in all their dimensions. But basically, that's the area that this is intended to focus on. Would that be accurate?

SENATOR CUNNINGHAM: Well, I think you could say the value-added part, Senator Stuhr's part, is more focused on agriculture. My portion of it could be agriculture, but it could be more any type of main street business or entrepreneurial type of interests.

SENATOR BEUTLER: Okay. So when you say "value-added," you're not referring to agricultural products; you just mean...what does "value-added" mean?

SENATOR CUNNINGHAM: Well, on the value-added part of it, we are

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referring to agricultural. Maybe I'm missing the question here.

SENATOR BEUTLER: Okay. Well, perhaps I'm missing your intent. Let me tell you how I view the broadness of this bill, and you can tell me, one, whether that's accurate, and two, whether that's what you intended. A project is defined--and "project" is a key word here--as any activity in the areas specified in Section 10 to promote the purposes in Section 7. Okay. So it has to relate to the activities in Section 10. And then when you turn to Section 10 and look at the activities that are described--research, education and training, market development--there's nothing in that section that limits a project to an agricultural area...

SENATOR CUDABACK: One minute.

SENATOR BEUTLER: ...or to what we traditionally mean, I think, by agricultural value-added areas. And then when you turn to Section 7, there's broad language that says, enhance the economic and social viability of rural communities generally. So it does look like a project could be almost anything. I mean, it could be community and multi-community initiatives, whatever that might mean. It's value-added. It's...well, is that what you intend?

SENATOR CUNNINGHAM: I think your time is about up. But this portion of the bill you're talking about is the value-added agriculture portion, Senator Stuhr's bill. So I believe I'm going to let her answer that question.

SENATOR BEUTLER: Oh, I'm sorry. So the first page...

SENATOR CUNNINGHAM: The first two pages...

SENATOR BEUTLER: ...pages are your bill?

SENATOR CUNNINGHAM: Correct.

SENATOR BEUTLER: Okay. I got that mixed up. So I'll...

SENATOR CUDABACK: Time, Senator Beutler.

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SENATOR BEUTLER: ...stop and rerefer my questions to Senator Stuhr, who now has a little time to think about it.

SENATOR CUDABACK: Thank you, Senator Beutler. Senator Bourne, followed by Senator Fischer, on the first portion of the divided Wehrbein amendment.

SENATOR BOURNE: Thank you, Mr. President, members. Would Senator Wehrbein continue the discussion that we had earlier?

SENATOR CUDABACK: Senator Wehrbein.

SENATOR BOURNE: While he's approaching his microphone, I again want to indicate my support for the entire package of LB 90. But I am a little bit concerned. Even though we are making progress with those...with funding EPIC, I am concerned that we're not funding it in total. Senator Wehrbein, we...in our earlier discussion, we were uncertain how many plants are going to be coming on line. We think it's six?

SENATOR WEHRBEIN: Well, six qualified. We think at this time one is far enough along to be probably successful.

SENATOR BOURNE: Okay. So we have five in production...

SENATOR WEHRBEIN: The other five are very uncertain.

SENATOR BOURNE: ...five in production now,...

SENATOR WEHRBEIN: Those five, yes.

SENATOR BOURNE: Those five--Trenton, Central City, Kearney, Sutherland, and Plainview. Those are all drawing credits now.

SENATOR WEHRBEIN: Yes.

SENATOR BOURNE: And the Ethanol Board and the general consensus is that Lexington will also, in January of 2006, be put in production.

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SENATOR WEHRBEIN: Yes.

SENATOR BOURNE: And then we're uncertain. There's five--Ravenna, McCook, Cambridge, Madrid, and Norfolk--that qualified under LB 536, but are not yet completed.

SENATOR WEHRBEIN: Yes.

SENATOR BOURNE: And so it's...

SENATOR WEHRBEIN: There's very little activity at all, I understand.

SENATOR BOURNE: Okay. But they have...they are...as the DEQ would define them, they are basically plants in progress, or under construction.

SENATOR WEHRBEIN: Yeah. I think that would be stretching it. But yes.

SENATOR BOURNE: Okay. So, what...basically, we have five plants that either may or may not come on line. And as I understand it, these plants lose \$250,000 a month in credits. Is that accurate? Each of them?

SENATOR WEHRBEIN: I don't know that number. It's probably correct. It's whatever they would have produced.

SENATOR BOURNE: Okay.

SENATOR WEHRBEIN: They have to produce to do it. So I guess you can say it that way. But actually, since they're not producing, they're not losing either. I mean, they're just not taking advantage.

SENATOR BOURNE: Oh, I understand. It's foregone. Okay. Well, what would you think about...and you've said that your...as I understand it, your funding mechanism, under the amendment to LB 90, still leaves...if Lexington comes on line, still leaves the fund short about \$13 million. Is that accurate?

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SENATOR WEHRBEIN: It could, in the out-years, depending on corn production and so forth. Yes.

SENATOR BOURNE: Okay. And if all five of these plants come on, the shortfall, even with your amendment, would be somewhere in the upper \$80 million range?

SENATOR WEHRBEIN: That could be, yes.

SENATOR BOURNE: Okay. So it's...Senator Landis earlier had mentioned \$128 million. And I did check, and the number is actually somewhere in the upper \$80 millions. But we're uncertain, because it would depend on when those five come on line, basically. Is that accurate?

SENATOR WEHRBEIN: That's right.

SENATOR BOURNE: Okay. Can we...?

SENATOR WEHRBEIN: Because as time goes by, they will be drawing less and less...they have less and less potential to draw.

SENATOR BOURNE: Okay. You know, one of the reasons that I...Senator Landis had mentioned an amendment that was filed last year. And one of the reasons I supported that is because I thought we had passed a bill, LB 536, and while not perfect, it did encourage ethanol plants to locate here. I personally feel we're missing the boat by not extending LB 536. But that's a debate for another day. I am struggling, though. It's hard to extend the program when you haven't funded the one you have already. So Senator Wehrbein, what I guess I'm going to ask you is that, would you support some sort of an indexed funding scheme as an amendment to this bill? And by that I mean, we know that there are going to be six plants on line, and we know that your amendment, even though it funds it to 2010, we know it's a little short, but what if we had some sort of an index that if a seventh plant comes on line, that corn would go up a sixteenth of a cent, and there would be a...

SENATOR CUDABACK: One minute.

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SENATOR BOURNE: ...slight additional General Fund obligation? Or, you know, similar to what we have in the gas tax, perhaps, or some mechanism that's indexed, so that these plants are funded?

SENATOR WEHRBEIN: Senator Bourne, I'd have to think a long time about that, at this point. That's, I guess, all I can say. I don't...I hate to get things too complicated and make it hard to interpret. And that's what I would see there.

SENATOR BOURNE: And I want you to rest easy. I mean, I would...I'm not interested in making LB 90 too cumbersome or heavy so that it wouldn't move along, because I really do believe we need to pass the bill with your amendment. But I am concerned about funding these plants we have. It seems like we always do stuff halfway here. And if two or three more plants come on, the next Legislature, in two years or three years from now, they'll be trying...they'll be going through these same arguments that we're going through now. And so what I'm suggesting is, is let's solve the problem. Let's...

SENATOR CUDABACK: Time, Senator Bourne.

SENATOR BOURNE: ...let's come up with some sort of an index mechanism.

SENATOR CUDABACK: Thank you, Senator Bourne. (Visitors introduced.) On with discussion. Senator Erdman, followed by Senator Chambers. Senator Erdman. Others to speak are Senators Synowiecki and Beutler.

SENATOR ERDMAN: Thank you, Mr. President, members of the Legislature. I rise in support of this division. I'm going to support the Wehrbein amendment in whole, and then, ultimately, LB 90. And I think it's important for us to have this discussion. The area that I wanted to speak on specifically was some of the provisions that Senator Stuhr has added to this provision in LB 71. And as we talked about, when LB 71 came through the process on General File, I outlined some of the successes that we have seen from this act. In the past, it was actually Senator Wehrbein's original proposal. And through the

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course of the discussion we've had in the Ag Committee about the need to have some better oversight...and I would wholeheartedly agree with that, the idea that some of these projects that were funded probably should have had a better look at it. There probably should have been better coordination with existing research opportunities or research establishments in the state. And I think that's important. But the thing that we need to look at is, there have been successes under these proposals. Senator Beutler mentioned that he hopes that this does show some success in rural Nebraska for those that would seek to use it. Well, we can base the assumption, or we can base the answer to his question on the reality of today. We can look back, and then we can talk about the places in my part of the state that have benefited greatly from the provisions that were in Senator Wehrbein's original bill that Senator Stuhr now has before us as an attempt to reinstate it. We looked at the opportunities that were provided by those farmers in my area that got together and decided that it was not profitable for them to have ConAgra and other companies process their beans for them. And so they made an offer, and they used the opportunity that was granted to them under the proposal to fund some of the administrative research, as well as coordinating with the University of Nebraska-Lincoln to ensure that they had the necessary information to be able to step out and say, this makes sense financially, this is beneficial to, not only us, but to all producers in our area, but it also returned the ownership back from multinational companies, back to the local individual producers, which then give them the opportunity to control more of the profits and be able to distribute that to their members. And if you're talking about how we can benefit rural Nebraska, it's not always about what programs are in place and what things we can do, but it's also, how do we empower people? And by passing the provision of this that deals with LB 71, we're going to continue that opportunity that we have seen in my part of the state. It's not just on the side of the bean producers. We had it on the side of the sugar beet producers. We also saw it in other areas, with alfalfa, and direct production of agriculture, where farmers got together, ironically, and cooperated, even though we're very independent, and said, look, if we work together and we figure out the right opportunity and the right structure, we can make this work for us, we can provide a beneficial and a

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high-quality product that can be distributed throughout the world, but most importantly, we can control and we can determine what level of profit should be more appropriate for us. And by doing that, they have lowered the margins that the multinational companies and that the large producers are getting, in order to return more of that profit back to the individual farmers. So there are positive things that have been in place, that have worked, that have been successful. And so to the point that others are bringing up, saying, I hope these work, we know they work. These are things that are actually positive examples of how we can empower people in rural Nebraska to be successful. On the issue of ethanol, this is a unique situation for me. Because if you look around my legislative district, there are no ethanol plants. There are no ethanol plants in the Panhandle of Nebraska. And so at some point I look at this and I think, well, it's not fair that those of us who are in the situation of funding others' ethanol plants. But at the same time, we as a body have passed the legislation that requires a certain amount of funding. The positive part that I see in this amendment is the fact that there is going to be some additional funding that would be generated through General Funds, or would be appropriated through General Funds, that would alleviate some of those costs that are going to be borne by individuals in parts of the state that aren't seeing the direct benefit of the production or the creation of the ethanol. So I think there are some...

SENATOR CUDABACK: One minute.

SENATOR ERDMAN: ...trade-offs in here that are important. But I do think, in regards to what others have asked, that hopefully these will work. We know that some of these are going to work. And we need to give them the opportunity to continue to work, as we've seen in the past. But at the same time, we need to look at the successes and the failures, and to modify the plans in order to meet those needs. And I think what we have done with LB 71 and I think what we're doing in other areas is looking at where we've been successful, putting in the proper oversight, and empowering the proper people, whether it's the Department of Economic Development, or the Department of Ag, or collectively, to sift through some of these ideas and make sure that we're

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funding the best and most promising ideas, and that we're doing that not only for a two-year window, as we done under Senator Wehrbein's bill, but into the future, as we're trying to do with Senator Stuhr's proposal. Thank you, Mr. President.

SENATOR CUDABACK: Thank you, Senator Erdman. On with discussion of the first portion of the divided committee amendment...or, Wehrbein amendment. Senator Chambers.

SENATOR CHAMBERS: Mr. President, members of the Legislature, I will forever be opposed to ethanol, as long as it has to be subsidized. If it was such a great product, if there is such an increasing demand, the subsidies don't have to be there. It could stand on its own feet. But it cannot. I'd like to ask Senator Connealy a question or two, before he traipses off to wherever he traipses to when I take the mike. Senator Connealy.

SENATOR CONNEALY: Yes.

SENATOR CHAMBERS: Do you believe that ethanol is going to substantially reduce America's reliance on foreign oil? And by "foreign," I mean oil that comes from outside of this country.

SENATOR CONNEALY: I believe it's becoming a larger and larger part. I think that it's only part, though. I think that we also need to....

SENATOR CHAMBERS: Well, that's not my question, because I only have five minutes. Let's...

SENATOR CONNEALY: On its own, it won't be able to substantially replace. I think that it's part of the solution.

SENATOR CHAMBERS: And do you disagree with my statement that it constitutes 3 percent of America's energy...?

SENATOR CONNEALY: Yes.

SENATOR CHAMBERS: Okay.

SENATOR CONNEALY: That's correct.

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SENATOR CHAMBERS: So that leaves 97 percent that ethanol would have to make up. Although not all of America's energy needs are relying on foreign oil.

SENATOR CONNEALY: About (inaudible)...

SENATOR CHAMBERS: But being realistic, we know that ethanol is not going to substantially reduce that reliance. But this is mainly...if it would be honestly proposed, and if it would work as it should--I mean the ethanol effort now--it should be argued as a way for farmers to get rid of certain products, make money on them. Because not...corn is not the only one. But it can provide some income for farmers who produce various crops that can be converted to alcohol. That would be a more honest and direct, right approach, wouldn't it?

SENATOR CONNEALY: I...it is a strong increase for communities and for agriculture. But it...but I do believe that it can be part of a more diversified energy portfolio. I really do. I think we also have to have more renewables in other areas. I think we have to have wind and the photovoltaics and other things. And we ought to eventually move to hydrogen-based fuel.

SENATOR CHAMBERS: Okay. Now, with what Nebraska is doing, how many small towns that are dying on the vine now do you think will be rescued as a result of these subsidies that the state is giving to these ethanol plants, these boondoggles, as I call them?

SENATOR CONNEALY: It will...the plants that go to small communities--Plainview in particular--are a huge increase in income for those small towns.

SENATOR CHAMBERS: Other than...

SENATOR CONNEALY: Some of them...some plants are, like, in Blair, where you already have economic activity in other areas. It's a big increase in income there. In Columbus (inaudible)...

SENATOR CHAMBERS: If every plant goes on line that is in the

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works now, those, plus those that are operating now, whether they're getting subsidies or not, would bring the total number of plants to what number?

SENATOR CONNEALY: About 13.

SENATOR CHAMBERS: Thirteen. Do you think 13 small towns will be saved as a result of this?

SENATOR CONNEALY: If they all would go into production, it would boost the income in those communities extensively, yes.

SENATOR CHAMBERS: But there are going to be a lot of small towns which still are going to die anyway.

SENATOR CONNEALY: Economic times are tough in rural America, yes.

SENATOR CHAMBERS: And do you think the model of small towns is probably going to go by the boards, no matter what is done through federal subsidies to agriculture, through state and federal subsidies to ethanol? There are small towns which just are not going to make it. And...

SENATOR CUDABACK: One minute.

SENATOR CHAMBERS: ...Senator Cunningham and Senator Stuhr are not going to be able to rescue them with their two bills. Would you agree with that?

SENATOR CONNEALY: No. I believe that we can have structures that we want.

SENATOR CHAMBERS: So then...

SENATOR CONNEALY: I think that we can drive economic development in a broader range than we have in the past. And I continue to work on that.

SENATOR CHAMBERS: What are you going to develop in a small town, where you don't have a labor force and you don't have a

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customer base? How are you going to save a small town like that with these bills?

SENATOR CONNEALY: A lot of what happens in rural and in neighborhoods and in small business economic development is getting people excited and getting people to work together. That's why Senator Cunningham's part of the bill is so important,...

SENATOR CHAMBERS: So...

SENATOR CONNEALY: ...to get people to work together, and to get those core workers on projects. I mean, that makes all the difference in the world.

SENATOR CHAMBERS: So if they're going nowhere, they're going there excited and proud.

SENATOR CONNEALY: No. You know, getting people to work together in a new attitude, I've seen it in my little town of Decatur, where I've got a...

SENATOR CUDABACK: Time, Senator Chambers.

SENATOR CHAMBERS: Thank you, Mr. President.

SENATOR CUDABACK: Thank you. Senator Synowiecki, followed by Senator Beutler.

SENATOR SYNOWIECKI: Thank you, Senator Cudaback. Senator Cunningham, would you yield?

SENATOR CUDABACK: Senator Cunningham, would you yield?

SENATOR SYNOWIECKI: Relative to...I know yours is the next division, but I wanted to kind of begin a dialogue with reference to your part of this amendment. And as it relates to...as you know, we had previously successfully gotten enterprise zones as part of your bill, and it was subsequently taken out. Yesterday, under LB 312, the rural perspective of that bill amended a previously passed bill by this Legislature

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and body (inaudible) LB 608, and essentially indicated that any county in this state with a population of less than 15,000 inhabitants, according to the most recent federal census, and in any...or in any designated enterprise zone, would have been able to fit the criteria for some of these refundable credits. So it would kind of maintain a public policy position of linking our rural economy to our inner-city poor or our enterprise zones. Now, Senator Stuhr's bill...or, Senator Stuhr's amendment to this, the goals embodied within the grant program I think are uniquely rural. And let me just read some of them. Support self-employment and small-scale entrepreneurship in both...wait. Think I'm on the wrong page. Support self-employment and small-scale entrepreneurship in both agriculture and nonagriculture activities; enhance income opportunities for farming and ranching operation, to stem the decline of the number of such operations; develop strategies and progress to increase the farming and ranching operations' share of the food system profit; build the capacity of farming and ranching operations; and so forth and so on. I would submit that those goals embodied within her program are uniquely rural, uniquely agricultural-driven. But when I read the goals embodied within your provisions--and that is to provide education and technical assistance to energize small business development and entrepreneurship; to provide technical assistance to facilitate small business transfers; build community business capacity and leadership programs; generate opportunities that will attract and retain young people and families; provide education about philanthropy and intergovernmental (sic) transfer of wealth, and so forth; build community endowments to support these activities--I would submit that the goals embodied within your grant program are very compatible, and correspond quite well with that of our federally recognized enterprise zones, particularly if you go through the criteria of what you need to become recognized as a federal enterprise zone. And I guess the question then would be, given our public policy history of linking, when appropriate, rural economic development and our enterprise zones, and given that the criteria of your bill and the goals of your...and the goals embodied within your part of this amendment kind of fit uniquely well with the enterprise zones in our inner cities, is there...would you entertain any possibility of reenergizing the thought or the possibility of

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incorporating the enterprise zones to be consistent with what we did last night under LB 312, in an attempt to maintain a consistency of public policy? Would you be open to the possibility of looking at enterprise zones being incorporated again...

SENATOR CUDABACK: One minute.

SENATOR SYNOWIECKI: ...into your section?

SENATOR CUNNINGHAM: Thank you, Senator Synowiecki. As you remember, when we were debating LB 273 on the first round of debate, you and I had that discussion then. And I can certainly see your standpoint of why they could work similarly in both rural areas and in enterprise zones. And if you remember our discussion then, I said that I would go along with it if it were the will of the body. And also...but we needed a bigger appropriation. Because...and my memory escapes me, but I can't remember the dollar amount. I think we were at 500, and we tried to go to a million at that point. But at this point, in the current bill, in this division, it's a \$250,000, is what we're down to. And so, I mean, there's not enough money to spread it around any further. And you know, the second part of it, you know, the body did...we voted it in at one point,...

SENATOR CUDABACK: Time, Senator Synowiecki.

SENATOR CUNNINGHAM: ...and then we voted it...thank you.

SENATOR CUDABACK: Thank you, Senator Synowiecki. (Visitors introduced.) On with discussion of the Wehrbein amendment, the first portion. Senator Beutler. Senator.

SENATOR BEUTLER: Thank you, Senator Cudaback. I'm going to keep my remarks very short, because I've had an opportunity to speak to Senator Stuhr off the floor on the very positive addition she made to this particular bill, and I was able to clarify that indeed her intent was to deal with agriculture and agriculture-related value-added projects. And so she's amendable to just looking at the language to see if that intent is carried through in that fashion. And that's what we'll do

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between now and Select File. But I think if it can be narrowed to that particular area, then it fits together very well with Senator Cunningham's piece, and fits into the whole package very well. But it would be good, I think, to put focus on that ag-related area. And I would even be willing to suffer additional funds in that particular area, because it's not very much. But that would be for others to decide. Thank you.

SENATOR CUDABACK: Thank you, Senator Beutler. Senator Chambers.

SENATOR CHAMBERS: Mr. President, members of the Legislature, I will leave, for the time being, the ethanol boondoggle. No, I'll stay on that, because we're going to deal with Senator Cunningham's segment, and that will give me a chance to lambaste that program. But I'm not going to try to stop any parts of this bill. What was done yesterday was so nauseating to me--my colleagues standing on the floor, praising business. And then I heard, wafting from out there in the lobby, the strains of that song: "Whatever Lola Wants, Lola Gets." And I listened, and I heard it again, like the Mormon Tabernacle Choir. And that's what applied to the Legislature. Fair is fair, even when we're dealing in an area of total irresponsibility. I think giving business all of what they gained yesterday was wrong. I think it was immoral. I think it's hurtful to the ordinary people who were not figured into the equation. The rural senators went along with it. For their foolishness, perhaps they should suffer. But they're part of the body, and they're entitled to their bite out of the public, out of the suckers, out of the taxpayers who don't know what the Legislature is doing. So I'm going to support what they're doing. I'm going to support them trying to get what they want. Senator Cunningham knows that I don't like his segment of the bill especially. But he agreed that when we get to his portion and it's added to the bill, an amendment will be offered so that when these grants are given to the counties and the cities...his bill is aid to municipalities and counties. The grants go only to the counties and the municipalities. Not to individuals, not to businesses, only to the counties and the cities. There's a provision that says they will have to make a dollar-for-dollar match in money or in-kind services. He's willing to strike the "in-kind services" part.

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And if there is a county or city unwilling to match what the state is giving, I would be skeptical about their motives. So I'm not going to fight against his element, his segment. I think the provision that Senator Stuhr is offering, the provision of Senator Cunningham, are both bad policy, because there is no accountability, none whatsoever. There is no evaluation of anything done with this money. It's going to be poured down the same rathole, pardon the expression, that other money supposedly designed to help the rural communities has gone. The pockets of poverty are going to remain there. The most impoverished individuals are not going to notice any improvement in their circumstances. The little towns which are dying are going to die. The farmers who are hanging by a fingernail are going to have that fingernail clipped. They're going to cease to be. The small cattle producers, the independent producers, they are marked for destruction also. These bills are pipe dreams. There are certain discrete segments of the population, of the money-makers, who are going to be benefited. But the standard of living of the people as a whole in this state is not going to improve measurably. Not at all. The population drain is going to continue apace.

SENATOR CUDABACK: One minute.

SENATOR CHAMBERS: And Nebraska is going to be, ten years from now, what it is today, only worse off, because they'll be coming in for another hit from the big businesses. It's time for another hit, another fix. And whoever is in the Legislature then is going to go along with it. They'll be given the same arguments--you've got to stop the population drain, you've got to keep the young people here when they graduate, and business can't be put off, you've got to do it today. And they'll do it. And nothing is going to be improved. Thank you, Mr. President.

SENATOR CUDABACK: Thank you, Senator Chambers. Further discussion on the first portion of the divided Wehrbein amendment. Senator Wehrbein, there are no other lights on. You're recognized to close on FA259, first portion.

SENATOR WEHRBEIN: Thank you, Mr. President, members of the Legislature. We've heard a fairly thorough discussion on these

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three bills that become the first division, so I'm not going to pursue it any further at this point. But suffice it to say that I urge your adoption of this first part of this amendment to...what is it, LB...FA259, which is AM1350 (sic).

SENATOR CUDABACK: Thank you, Senator Wehrbein. You've heard the closing on FA259, division one of the divided Wehrbein amendment to the committee amendments. All in favor vote aye; all opposed vote nay. We're voting on the first component of the divided Wehrbein amendment to the committee amendments to LB 90. Have you all voted on the question who care to? Record please, Mr. Clerk.

ASSISTANT CLERK: 30 ayes, 1 nay on the adoption of that portion of the divided Wehrbein amendment, Mr. President.

SENATOR CUDABACK: The first division has been adopted. Mr. Clerk.

ASSISTANT CLERK: Mr. President, the section division...second division is identified as FA260. (Legislative Journal pages 1452-1453.)

SENATOR CUDABACK: Senator Wehrbein, you're recognized to open on your second portion of the divided Wehrbein amendment.

SENATOR WEHRBEIN: Thank you, Mr. President, members of the body. I just want to make a correction. It was AM1346 that's been divided. This is the second division. It includes provisions of LB 273. And I will let Senator Cunningham have some of my time after I open. There is a handout here that I had. And there was a misprint, and I want to correct that. But I'll just read the whole thing. The Building Entrepreneurial Communities Act, that provides grants to rural communities that create partnerships of two or more local political subdivisions to apply for grants of up to \$75,000 to implement collaborative projects addressing issues related to chronic economic distress, unemployment, lower than average per capita income, and severe population loss. This sentence says "growth" in the thing I handed out. It should be "severe population loss." Grants are intended to create community capacity to build, generate, and

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retain wealth in the community. A funding of \$250,000 each year would be provided for the program. That is the essence of Senator Cunningham's bill. We have discussed this before. I'm supporting this bill. At this time, I think it does...there's some ideas Senator Cunningham has that want to try out there. He's convinced me at this point that it's worth trying. And I'm committed to supporting this part of the amendment and the bill, to see if we can add some enthusiasm, if you will, some support to rural communities that are willing to match. I think Senator Chambers' proposed amendment, which goes from in-kind to cash, is an additional incentive for local communities to do it. They do not have to participate, but it does give them some incentive. And with that, I'd turn the rest of my time, Senator Cudaback, over to Senator Cunningham, if he'd like it.

SENATOR CUDABACK: Senator Cunningham, if you'd care to use it, there's about eight minutes.

SENATOR CUNNINGHAM: Thank you, Senator Cudaback. And thank you, Senator Wehrbein, for your support on this. This is the original LB 273, but it's as amended by the Beutler amendment when we were on General File. There also is a change in the original bill. The original bill called for \$1 million a year. This takes it down to \$250,000 a year. But the main purpose of this bill is to energize small business development through entrepreneurial development, leadership development, small business transfers, community endowments, and wealth transfer. And as I said again, it's \$250,000 a year appropriation. Now, the grants can be up to \$75,000 per year. But it's not likely most of them will be that high. We envision many of the grants being in the neighborhood of \$5,000 to \$10,000 to \$15,000. And as you heard Senator Chambers mention earlier, these grants have to be matched. And two or more "collaboratory" municipalities or counties have to go together in order to do this. And they can only be in areas of chronic economic distress. And that's described by higher than statewide unemployment, per capita income that's lower than the statewide income, or chronic population loss, which is described as 10 percent over the past 20 years. You know, Senator Chambers, your exchange that you had with Senator Connealy, you were talking about rural Nebraska. And my bill, and Senator Stuhr's bill, you don't feel

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will help us create jobs. Maybe we're just eternal optimists. I don't know. But I do believe that it will help us create jobs. You've heard me many times talk about the Call...Child Support Call Center in Wausa. That was 30 jobs. And it was unbelievable. They had a hundred and some applicants for those positions. There are people to fill the jobs. There are young people that want to stay in rural Nebraska. We have one of my schools in Creighton, sitting right upstairs in the balcony. I'm sure many of them would stay in rural Nebraska if they had a job to come back to. And the problem we have is creating jobs. And we need to do it a little different than the business incentive plans that we have in the rest of the state. It just requires something different. We have to encourage people. We have to have leadership programs. And that's one of the things that this bill will do. So I very much believe in this bill. I did agree, as you heard, with Senator Beutler, we should have a sunset date on it that will sunset with the rest of the business incentives. I'm very much in favor of that. I'm quite certain the bill will be productive. But if it isn't, it should end. And if it is, I'm sure it will be extended after that. So with that, I think I will return my time. But I would very much appreciate your support on this division. And Senator Chambers, I thank you for your willingness to work with me on that. And we do appreciate it. Thank you.

SENATOR CUDABACK: Thank you, Senator Cunningham and Senator Wehrbein. You've heard the opening on the second portion of the divided Wehrbein amendment, which was AM1346. Open for discussion. Senator Chambers.

SENATOR CHAMBERS: Mr. President, members of the Legislature, I said before, fair is fair. Since this program is going to go, I think it should be given more than a pittance. The reason, when the bill was standing on its own, or attempting to do so, I wanted to cut the money, was to show that if this is all you're going to give, you're not even giving enough money to accomplish any of the purposes. So I want to make an offer to Senator Cunningham.

SENATOR CUDABACK: Senator Cunningham.

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SENATOR CHAMBERS: Senator Cunningham, there's going to be an A bill attached to LB 90. Is that true?

SENATOR CUNNINGHAM: That's correct.

SENATOR CHAMBERS: What I'm going to do is to offer an amendment, when that A bill comes, to add \$800,000 to this portion of the bill. And that would bring it up to \$1 million. You said you're going to put a sunset, so that it applies, like with other programs. Since the counties and the cities would have to have a dollar-for-dollar match, only those that are willing to put up some money are going to be able to participate. When they make that investment, perhaps that will ensure some measure of accountability that I don't see written into the bill itself. So if I offer that amendment to the A bill, would you support it?

SENATOR CUNNINGHAM: Senator, you said you're going to do that on Select File?

SENATOR CHAMBERS: Whenever the A bill comes. If we get...we don't...

SENATOR CUNNINGHAM: All right. Oh, pardon me. You're right. You know, I'm thrilled at the chance to support it. I think it's great. I think we need it. But you know, we've worked together with a lot of people, and I don't know what the rest of the body feels.

SENATOR CHAMBERS: What kind of people did you work with who would turn their back on \$800,000? Look what the business people got yesterday. Don't just take the pittance. Am I not the one, Senator Cunningham, who has criticized the rural interest for being willing to accept peanuts? Haven't I been the one to criticize?

SENATOR CUNNINGHAM: Yes, you have.

SENATOR CHAMBERS: Does it seem logical to you, whether you would agree with supporting it or not, that if that is my view, and a program is going to be put in place, my philosophy would

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require me to try to get enough money to make the program have a chance to succeed? Can you accept my logic, even if you would not support doing what I'm going to recommend?

SENATOR CUNNINGHAM: Yes, I can, Senator. And I happen to believe your logic is correct. All I would...I would tell you this.

SENATOR CHAMBERS: But you're scared.

SENATOR CUNNINGHAM: Well, no, I'm not scared.

SENATOR CHAMBERS: Oh ye of little faith. That's all I'll ask you, Senator Cunningham. Thank you. Members of the Legislature, Senator Cunningham is an example--and I don't mean it to disparage him as person--why I operate alone. Other people find all the reasons why something cannot work, why something has got to fail. And they are whipped before they start. But I start with the notation in my mind, scratched on my brain, which is hard to mark, that this is going to work. And for people to stop it from working, they're going to have to be willing to labor harder than I am. Now, why, with all the money that's being spent, the huge size of the overall budget, should there be a fear among rural people to try to accept an \$800,000 amendment from somebody who was their opponent? What do I have to do? Do I have to pay you to let me try to help you and your program? You're the one who says this program is worth something. It's not worth fighting for? It's not worth fighting to try to get some money for it? I'd like to ask Senator Wehrbein a question, before I get a headache.

SENATOR CUDABACK: Senator Wehrbein. And one minute.

SENATOR WEHRBEIN: Yes, sir.

SENATOR CHAMBERS: Senator Wehrbein, would you also oppose an amendment like that which I would offer to the A bill?

SENATOR WEHRBEIN: I assume you mean \$750,000. It is \$250,000, so...

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SENATOR CHAMBERS: Yeah, \$750,000.

SENATOR WEHRBEIN: So make it \$1 million even. You know, I'd like...I have the A bill right here. And I'm still fiscally conservative. I'm still frugal.

SENATOR CHAMBERS: Let me offer it. I will offer it. I'm the radical. Let me offer it and fight for it. You just tell me that you won't fight against me.

SENATOR WEHRBEIN: I won't fight against you.

SENATOR CHAMBERS: Thank you. Then we've got it. Thank you, Mr. President.

SENATOR CUDABACK: Thank you, Senator Chambers. Senator Don Pederson, followed by Senator Stuhr.

SENATOR D. PEDERSON: Thank you, Mr. President, members of the Legislature. It's always difficult to talk about rural initiatives, because by nature, everybody wants to have a program that will help people in the rural areas. The problem is that there is a...there are a multitude of programs already going on. I don't know how many of you receive or pay attention to the fact...the University of Nebraska Rural Initiative and Cooperative Extension Organization, they give these to you practically weekly, that tell about various programs that there are for helping rural initiatives through the university. And to hear the proposal of Senator Cunningham, it appears that nothing is being done, when in fact a great deal is being done for rural programs. We've had a number of bills in the Legislature that...my good friend, former Senator Jerry Matzke, had a bill that Governor Johanns wanted, which was to have rural development take place. And he asked me if I would sign on, and I said, no, I think it's a dumb bill. Why do you think it's a dumb bill? Because it isn't going to go anywhere. Well, I think it was last year that we did away with the program because there was never an applicant for the program. So I think we have to start looking at what we are really doing, and not deceiving ourselves and the public into thinking that in fact we are doing something beneficial to the rural community. When it

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comes to matters such as this, I think you're familiar...many of you would know Sandy Scofield, married to former Senator Bob Wickersham. And she is connected with the University of Nebraska in this exact area. And when she first took that job, I said, how's it going? She said, you know, it's really interesting. You know Arthur, Nebraska? Well, I know Arthur and I know the county of Arthur. There are about 420 people in Arthur. Said, do you know that the state has five economic development programs trying to develop Arthur? Well, let's be real. That's not going to happen. And I think it's about time that we are absolutely realistic about what we are doing in connection with rural development. Let's don't pass something that makes it feel good, sound good. These same programs for incentives and cooperative efforts are already available through the University of Nebraska. And they are...the materials that I have are replete with programs that they have been using to help rural initiative. Now, why are some counties in poor shape? That Senator Cunningham is referring to that county...those counties, and we're trying to help them. Generally speaking, there are reasons why rural counties are in trouble. Mostly, it's because the farming situation, the loss of potential jobs. And when the young people graduate from high school, there really isn't all that much for them to do in some of these communities, so they move to a city. Well, that creates a population problem. But I think that generally speaking, any county can improve itself. But how does that occur? It occurs because people within that county already are with a sufficient initiative to want to try and improve their county. There are all kinds of ways in which funds can be obtained. Help can be obtained through the university in this very same program. I don't think we need an additional program to do the same thing. And I regret having to say this, because of my friend Senator Cunningham. But on the other hand, I have to be very realistic. I think that rural communities,...

SENATOR CUDABACK: One minute.

SENATOR D. PEDERSON: ...small rural communities, have a real distinct problem in developing new businesses within that. But it primarily comes from the people within those communities. If someone has an idea, somebody wants to do something, then they

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can initiate some kind of a program. And there are plenty of opportunities already available to them. And I think that we have to get over the idea that if we see there's a problem, the first thing we need to do is to throw money at it. Because I don't think that's an answer to a problem. That just exacerbates the problem. I think the initiative has to come from the person or community that wants to develop itself. And with that, I just close my comments on this bill. Thank you.

SENATOR CUDABACK: Thank you, Senator Pederson. Senator Stuhr, FA260.

SENATOR STUHR: Thank you, Mr. President and members of the body. I stand in support of this amendment, which is the Building Entrepreneurial Communities Act. I do think it's very important that we have a variety of tools that communities can use. We have much diversity across the state. We do have very small communities, and those that are larger. And I disagree with Senator Pederson, in the fact that resources are limited in many of these communities. A \$5,000 or a \$10,000 grant can mean a lot. And what we're trying to do in this bill is primarily to develop leadership in communities. Now, you think that these programs...yes, there are programs available. But there are always price tags attached to those programs. They don't just come in for one evening. There are usually four or five different meetings, or maybe even longer than that. But there is a cost attached to that. Which isn't all bad, because I think sometimes you realize the value. And particularly, these communities will when we get the amendment that will strike out the "in-kind," and that they have to match dollar-to-dollar. So I think that that's going to be very important. There is a huge gap, as I stated before, between the resource providers and the entrepreneurs that we are trying to reach in these small communities. And if we're going to have young people return to our communities, we have to have the spirit of the willingness to try. And one other point I'd like to share, that says, nearly 17 percent of all private nonfarm jobs in the United States come from microenterprises. And over one in five private nonfarm jobs are attributable to microenterprise. When we talk about microenterprises, we are talking about businesses with five or fewer employees. And in Nebraska, 54 percent of all the

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businesses in Nebraska have five or...actually, it's one to four employees. So less than five. So, I am a member of the Rural Development Commission. I am the senator that is represented on that commission. We selected some priority bills this year in the area of economic development. LB 71 was one of those, LB 273 was also another, and LB 334, which Senator Janssen introduced, and it is also on Final Reading. The commission represents people from across the state. These people came together and said, we need different programs that will help us with the diversity that we have in all of our communities. Again, leadership development is key. Leaders, I believe, are made. And in the fact that with some training and experience, they can bring new ideas back to a community, and work with entrepreneurs in those communities. I think Ord, Nebraska is a wonderful example of what they have done through teaching communities how to identify different entrepreneurial talents, and working with those local businesses in helping to develop those new businesses that might want to get established. What I'd like...

SENATOR CUDABACK: One minute.

SENATOR STUHR: ...to point out again is that these things do not happen overnight. They...it is going to take time. And again, one program does not fit all communities. And that's why we brought a diversity of bills this year to the Legislature, because that was the general feeling out in the...in rural Nebraska, is that we do need a variety of programs to address all of the different needs that we have in the state. So I hope that...and encourage you all to support this amendment in building entrepreneurship in Nebraska. Thank you.

SENATOR CUDABACK: Thank you, Senator Stuhr. There are no further lights on. The Chair recognizes Senator Wehrbein to close on FA260.

SENATOR WEHRBEIN: Thank you, Mr. President. I'll be brief. I think we've discussed Senator Cunningham's bill thoroughly. I'm supporting it. I'll turn the rest of my time to Senator Cunningham. Do you have any closing remarks, Senator Cunningham?

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SENATOR CUDABACK: Senator Cudaback, did you wish to use some of...closing time?

SENATOR CUNNINGHAM: Thank you, Senator Wehrbein. I would just take a minute or two. I do appreciate the support on this. I know it's been a controversial issue. I do very much believe that it will help rural Nebraska. I don't believe that we can sit back, and just because we've got problems in rural Nebraska, that we just step aside and don't try to do anything about them. I think this will work, I think, with the matching funds and everybody working together. I guess I could read just one example. I just got an e-mail today, and it really had nothing to do with this bill. But it's a company starting to give assistance to young entrepreneurs in Knox, Cedar, Dixon, and Wayne, and Pierce Counties, help to give assistance to those entrepreneurs through discussion groups, business counseling, marketing help, mentoring, connection to area and statewide marketing opportunities, tours, grants, and other activities. Eventually, they'd like to make low-interest loans available to members, as well as open up a traveling marketplace for their products. Now, this e-mail has absolutely nothing to do with this bill. But it's just another example of a group trying to start early, trying to start with the young people, and trying to get them interested in finding jobs in rural Nebraska. So with that, I hope you will support this division. Thank you.

SENATOR CUDABACK: Thank you, Senator Cunningham. Senator Wehrbein, were you completed on your statements? The question before the body is adoption of FA260, which is the final portion of the divided AMI346 to the committee amendments to LB 90. All in favor vote aye; opposed, nay. We're voting on adoption of the second half of the Wehrbein amendment to the committee amendments. Have you all voted who care to? Record please, Mr. Clerk.

ASSISTANT CLERK: 32 ayes, 1 nay on the adoption of that portion of the amendment, Mr. President.

SENATOR CUDABACK: The amendment has been adopted. We're back to the Revenue Committee amendments to AM0249. Mr. Clerk,

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amendment to committee amendments.

ASSISTANT CLERK: Mr. President, Senator Beutler would move to amend the committee amendments with FA261. (Legislative Journal page 1453.)

SENATOR CUDABACK: Senator Beutler, you're recognized to open on your amendment to the committee amendments.

SENATOR BEUTLER: Senator Cudaback, members of the Legislature, I think this is an agreed-upon amendment. You may recall in LB 324, the main...or, I'm sorry, LB 312, the main business incentive bill, that with respect to programs that were new in that bill, we put a sunset date on them, on the theory that we ought to look at them again once we've had some experience with them for the first time. And so all this amendment does is, with respect to Senator Cunningham's bill and Senator Stuhr's bill, it puts the very same sunset date on it. And that's all that it does. And that sunset date is January 1, 2011. Thank you.

SENATOR CUDABACK: Thank you, Senator Beutler. You've heard the opening on the Beutler amendment, FA261, to the committee amendments. Open for discussion. Senator Stuhr.

SENATOR STUHR: Thank you, Mr. President and members of the body. I certainly will agree with this amendment. I think that then we have the entire package sunsetted all at the same time. And I'll turn the rest of my time over to Senator Cunningham. Thank you, Mr. President.

SENATOR CUDABACK: Senator Cunningham.

SENATOR CUNNINGHAM: Thank you, Senator Stuhr, for your time. Senator Beutler, I concur that I think this is a very good amendment. As I've said, I believe that both of these bills are going to work very good for rural Nebraska. But if they are, they'll be extended. And if they're not, they should be sunsetted. So I do concur with this amendment.

SENATOR CUDABACK: Thank you, Senator Cunningham. Further

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discussion on the Beutler amendment? Senator Beutler, there are no further lights on. Senator Beutler waives closing. The question before the body is, shall FA261 be adopted? All in favor vote aye; those opposed vote nay. The question before the body is the Beutler amendment, FA261, which is an amendment to the committee amendments, known as AM0249 to LB 90. Have you all voted who care to? Record please, Mr. Clerk.

ASSISTANT CLERK: 32 ayes, 0 nays on the adoption of Senator Beutler's amendment to the amendment.

SENATOR CUDABACK: The amendment has been adopted. Mr. Clerk, anything further to the committee amendments?

ASSISTANT CLERK: Mr. President, Senator Chambers would move to amend with FA263. (Legislative Journal page 1453.)

SENATOR CUDABACK: Senator Chambers, you're recognized to open on your amendment to the committee amendments, FA263.

SENATOR CHAMBERS: Thank you. Mr. President, members of the Legislature, this is not the amendment I talked about earlier, with reference to the increase in funds. This goes to what Senator Cunningham and I had talked about, so that the city and the county which will obtain a grant will have to give a dollar-for-dollar match in money. So what this amendment does, on page 2, in line 22, is to strike the language that deals with the in-kind contributions. So that, in order for the record to be clear, on page 2, in line 22, the actual words to be stricken would be, quote, or in-kind contributions. I'm asking that you adopt this amendment. And then you will be rid of me on LB 90. But I'll be coming back on LB 90A. Thank you, Mr. President.

SENATOR CUDABACK: Thank you, Senator Chambers. You heard the opening on the Chambers amendment, FA263. Senator Cunningham.

SENATOR CUNNINGHAM: Thank you, Senator Cudaback and members. I do rise in support of Senator Chambers' amendment, and I would hope you would give it a green vote. Thank you.

SENATOR CUDABACK: Thank you, Senator Cunningham. Further

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discussion on the Chambers amendment. Seeing no lights on, Senator Chambers, did you wish to close? Senator Chambers waives closing. The question before the body is, shall FA263 be adopted to the Revenue Committee amendments? All in favor vote aye; those opposed vote nay. The question before the body is the Chambers amendment, which amends the Revenue Committee amendments, AM0249 to LB 90. Voting on the adoption of the Chambers amendment. Have you all voted who care to? Record please, Mr. Clerk.

ASSISTANT CLERK: 33 ayes, 0 nays on the adoption of the Chambers amendment to the committee amendments.

SENATOR CUDABACK: The Chambers amendment has been adopted. Anything further on the committee amendments, Mr. Clerk?

ASSISTANT CLERK: Mr. President, I have nothing further to the committee amendments.

SENATOR CUDABACK: Thank you. Back to discussion of AM0249, known as the committee amendments to LB 90. Seeing no lights on, Senator Landis, you're recognized to close.

SENATOR LANDIS: Thank you. The committee amendments would then become the bill. It winds up merging in the agenda of value-added agriculture and the leadership programs that Senator Cunningham has supported this year, along with a long-term ethanol plan with General Fund money and an eighth of a cent checkoff. I would ask for the adoption of the committee amendments.

SENATOR CUDABACK: Thank you, Senator Landis. You've heard the closing, adoption of committee amendments. All in favor of adoption of AM0249 as amended to LB 90 vote aye; opposed vote nay. Have you all voted on adoption of committee amendments who care to? Record please, Mr. Clerk.

ASSISTANT CLERK: 36 ayes, 0 nays on the adoption of committee amendments as amended.

SENATOR CUDABACK: Committee amendments have been adopted.

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Mr. Clerk, anything further on the bill?

ASSISTANT CLERK: Mr. President, Senator Schrock would offer AM1459. But I have a note that he wishes to withdraw that.

SENATOR CUDABACK: Senator Schrock, did you wish to withdraw your amendment? It is withdrawn.

ASSISTANT CLERK: In that case, Mr. President, I have nothing further on the bill.

SENATOR CUDABACK: Open for discussion on advancement to E & R Initial. Seeing no lights on, the question before the body is, shall LB 90 advance to E & R Initial? All in favor vote aye;...Senator Wehrbein, did you wish to close? I'm sorry, I overlooked you. I took you for granted. I'm sorry. I apologize. He waives closing. All in favor of the advancement of LB 90 to E & R Initial vote aye; those opposed, nay. Voting on advancement of LB 90 to E & R Initial. Have you all voted who care to? Record please, Mr. Clerk.

ASSISTANT CLERK: 36 ayes, 1 nay on the motion to advance the bill, Mr. President.

SENATOR CUDABACK: LB 90 does advance. Items for the record, Mr. Clerk.

ASSISTANT CLERK: Two items, Mr. President. Notice of committee hearing, offered by the Executive Board. And an amendment to LB 90 from Senator Beutler, to be printed. (Legislative Journal pages 1453-1454.)

Mr. President, I do have a priority motion. Senator Loudon would move to recess until 1:30 p.m.

SENATOR CUDABACK: You've heard the motion to recess till 1:30 p.m. All in favor say aye. Opposed, nay. We are recessed.

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RECESS

SENATOR CUDABACK PRESIDING

SENATOR CUDABACK: Good afternoon. Welcome to the George W. Norris Legislative Chamber. Senators, the afternoon session is about to reconvene. Please record your presence. Record please, Mr. Clerk.

CLERK: I have a quorum present, Mr. President.

SENATOR CUDABACK: Thank you, Mr. Clerk. Do you have any announcements, Mr. Clerk?

CLERK: I have nothing at this time, Mr. President.

SENATOR CUDABACK: Thank you. General File, 2005 senator priority bills, Cornett division. We'll continue where we left off. Mr. Clerk, LB 500.

CLERK: (Read LB 500 by title.) Introduced on January 14, referred to Revenue Committee, advanced to General File. I do have Revenue Committee amendments, Mr. President. (AM0773, Legislative Journal page 886.

SENATOR CUDABACK: Thank you, Mr. Clerk. Senator Landis, you're recognized to open on LB 500.

SENATOR LANDIS: Thank you, Mr. Speaker, members of the Legislature. The Henry Doorly Zoo is the biggest tourist attraction in Nebraska. Sheldon Art Gallery, Harold Warp's Pioneer Village, the Kearney Arch, any of those the second-biggest tourist attraction in Nebraska? No, it's not. Johnny Carson's home town or his exhibits, the Lied Center, Mahoney State Park? Nope. The second-biggest tourist attraction in Nebraska is out in western Nebraska. It's off I-80. It's Cabela's. It's the largest tourist attraction in Kansas. It's the second-largest in Minnesota, it's the second-largest in Michigan. What a phenomenon; people getting

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in their cars to go shopping, going there so they can walk through and see exhibits of animals stuffed, fishermen with models in their latest outfits. And then driving a day and a half to another Cabela's so they can get out and watch the whole thing over again. It is a phenomenon. It's a phenomenon that other states are paying for and cashing in on, big time. The state of Texas recently gave \$80 million for two Cabela's stores in Texas. West Virginia recently gave \$35 million for a Cabela's store in West Virginia. Where these operations have gone it's because states lured them to come, and states want them to come because ultimately they move business, add commerce, bring jobs and the like, and that's what LB 500 is all about. Minimum return on your investment: 150 jobs and \$20 million of investment. That's the minimum, because these don't wind up being the minimum. Jim Jensen will tell you about visiting Kansas City, driving through the place, where Kansas reached out and used the tool that I'm going to describe today to bring Cabela's in, brought in a water theme park, brought in a racetrack, brought in Nebraska Furniture Mart--Nebraska Furniture Mart, who chose to expand in Kansas City and use this tool. And now, it's not 150 jobs; it is a vast sea and hotbed of commercial activity. Might this spring up without this assistance? Well, it did in western Nebraska when it began, didn't it, although Cabela's is an LB 775 user. But at this point, states are competing for this kind of tourist destination retail. And this is a change, because we don't normally do retail in Nebraska. It's not part of LB 775. It's not part of our normal operations. Our theory has been, you know what, you won't drive 300 miles for groceries so we don't need to incent retail. And guess what? People will drive 300 miles for Cabela's. They will drive 300 miles, which means that they can put this anywhere they want to along I-80 and capture that place, and there are plenty of states who want them, because their largest growth has been outside this state. By the way, it doesn't have to be Cabela's; it can be the other alpha male in the sports network--it could be Bass. Bass is now building in Mall of America. Do you know what Iowa gave Bass Company for going there? Over \$20 million to come to Iowa to do retail work, because at a certain size and magnitude, they are their own draw. My wife is now in a car with her sister, driving to Minnesota. They're going to see Bruce Springsteen and they're

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going to stay an extra day to stay at the Mall of America. Bruce is the big draw, I got to admit. I was very tempted to go. But where was I last night? I wasn't in the car driving to see Bruce. I was with you all, and LB 312. Wanted to be going to Bruce, but I have a duty to do. But I don't...I could pass on Mall of America, but you know what? They're spending an extra day. They want to stay an extra day in one of the lodges that's around there, in one of the motels. It serves as a spin-off. Why? Because they'll drive that far for that entertainment and that tourism destination. Their second day isn't seeing one of the 10,000 lakes; it's seeing a mall. And there are people like that, and there's a lot of commercial activity, and states have been in the business of assisting them. Now is LB 500 a tax break? Well, is tax increment financing a tax break? Tax increment financing is where you take an income stream that would normally come into the General Fund, and you turn it back to create a specific project. Now normally in real estate TIF, which we have, it comes back for doing infrastructure that supports a development. But there's all kinds of TIF in all parts of the state, and we use it with the property tax income base, and we use it to support essentially infrastructure for developments. By the way, they're retail developments. TIF is used for retail all over the state. This is that concept, but it's not against the local tax base of real estate taxes. It's against the state sales tax base in the form of the sales tax. The underlying engine of LB 500 is this. It's a match. Local revenue bonds, which are not underwritten by cities or counties, but are issued by a city or a county, and those bonds are used to build parts of the structure, are used for the development project. Could be for parking lots, could be for buildings, could be for a lot of things that are very beneficial to the retailer. The retailer opens their doors, hires at minimum 150 people and spends \$20 million of their own but, believe me, they wind up hiring more and spending more. They stay open, they make sales. They take that money. The sales tax is used, in part, to pay off the bonds. Up to 75 percent of the sales tax is used to pay off the bonds. State intervenes, assists; the local government intervenes and assists; project winds up using money that, if the project was built without this, would come into the state General Fund. It is a diversion of that money, absolutely.

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Why? Because it's a gamble as to whether it would occur otherwise. And the reason is, there are plenty of states who will match this offer or replicate it and do exactly the same thing. That's one reason why we would do it. And secondly, when we're done, we have a big, large, active commercial unit hiring people, making sales, and ultimately paying property tax and sales tax and income tax on a large, large operation, eventually. Bonds could go up as long as 25 years. On the other hand, and...and they're paid off essentially by that diversion of sales tax money. By the way, it could be the diversion of a local sales tax. It could be the diversion of a local lodging tax. Those are also possible income streams. The question is, do we think it's worth it? And let me tell you why I introduced LB 500, and why my name is one the bill, and what part of this arrangement is curiously my own device. Because the idea of a STAR bond, a sales tax-anticipated revenue bond, sales tax-anticipated revenue bond, a STAR bond...the STAR bond idea isn't new. That's been used in various parts of the country. That idea has been used in Kansas, it's been used in other places as well, to do either these projects, or Cabela's, or others as well.

SENATOR CUDABACK: One minute.

SENATOR LANDIS: That's not new. What's new or different about this is a very narrow window of opportunity. It says, get this up and running in two years, and otherwise the legislative authority ends. What's that going to mean? It's going to mean that we've got one, two maybe, three at the most projects who will meet that window. The window will close and we will be able to evaluate whether or not this roll of the dice was worth it, whether it was sensible, whether if we not just stuck our big toe but we stuck our whole foot into the waters of this kind of approach made sense. By the way, Kansas, who evaluated their project, said, you know what? We spent money on too many things. The audit was...said that there were some places where it was too loose; but they also said it achieved its objectives of commercial development. The audit said it worked.

SENATOR CUDABACK: Time, Senator Landis.

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SENATOR LANDIS: And that's what we will be able to do in two years if we pass this bill. Thank you.

SENATOR CUDABACK: (Visitors and doctor of the day introduced.) On with discussion of the Revenue Committee, after we do the committee amendments by Chairman Landis of the Revenue Committee. Senator Landis, you're recognized to open on the Revenue Committee amendments.

SENATOR LANDIS: Thank you. There are a multitude of amendments here. One of them strikes Section 26 that would have allowed a public body to sell, lease, or convey property without public notice. There's a bill that adds a new section to amend 75-2501 to exclude contracting public bodies acting under the bill for the Uniform Eminent Domain provisions. And Senator Redfield will have an amendment shortly to strike eminent domain from the bill, which I will support. Third, add the word "county" or "counties" in 33 places, to grant municipalities authorities to apply for the designation of an entertainment and tourism development district, so they can either be a city or a county that does this. We'll add to the list of things that are development project costs which can be used for these funds that are generated by the STAR bonds. It will include furniture and fixtures, engineering, architectural, and planning expenses, legal, accounting, and consulting, and capitalized interest, among others. It will strike the limitation that the district be located within ten miles of a metropolitan class city or six miles of a first class city, so this tool could be used around the state. Change the requirement that the district have an abundance of real property that is not on the tax rolls of industry valuation to a high proportion of such property, although it will leave in place the necessity of having this done in essentially unimproved real estate. What we're not going to do is we're not going to go in downtown someplace and level buildings and whatever. You're going to have to use undeveloped real estate for one of these projects. We're going to redefine qualified business activities for those kinds of things that can make use of this. To clarify that the business is to result in substantial retail purchasers, from travelers from other states, and to provide specifically to the qualified business does not include retail operations where another store

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is located within 25 miles, or was located within 25 miles within two years previously. What you don't get to use is this bill to move your store 25 miles or less to get to a new place. Require the application of a tourism development to be an eligible area, and an "eligible" means essentially largely undeveloped. Provide that the area may extend up to 10 miles outside the boundaries of a metropolitan class city so that we, in other words, we don't limit this to just the Omaha area. Limit project applications to two years after the effective date of the act instead of 36 months; in other words, an even shorter window than was originally in the bill; two years to get your application in to do this work. The original bill contained both restrictions, so the amendment clarifies which was to be operative, two-year window. Require other contemplated developments to be listed in the project application. Require the project application to contain a detailed plan of the financing. Change the audit responsibility from the local board to Department of Revenue. Clarify that the sales tax to be imposed in the district by the county must be outside the boundaries of any municipality with a local option sales tax. And the total rate of tax could not exceed 1.5 percent; in other words, if you're using a county sales tax. Clarify the annexation of the tourism district would not allow annexation across county lines, and that the amendment would provide that the relocation assistance required under the act must also comply with requirements of the Uniform Relocation Assistance Act as administered by the Department of Roads. For the most part, technical; doesn't significantly change the underlying operation. It leaves intact a relatively broad list of reasons that a developer would get to use these monies for, reduces the window for which we'll be able to make a couple of start-up examples of the use of this idea that we'll be able to evaluate, and sets the stage for a couple of amendments that will be offered later on--one by Senator Redfield on eminent domain and one by myself that ties to an idea of Senator Howard's, and also some of the provisions that have come because of the Kansas audit. Now we're going to hear about the Kansas audit from Senator Raikes, probably Senator Chambers. And what the Kansas audit came back in and said was, look, some of the language was ambiguous in the bill, and they spent money for things that seemed beyond the spirit and intent of the Legislature, for

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which we've looked in and tried to redraft that list. It will tell you that essentially it wound up buying the building that ultimately gets used by Cabela's, and that will be true. That will be true in this case. What won't be true is that, in fact, there the project wound up condemning land and giving it to the developer, and the developer ultimately sold the land. Senator Redfield will take care of that problem in her amendment and I will join her in doing that. But there were some bugs that were found in the Kansas audit, and we've made our best attempt to try to respond to those bugs that we recognized. Understand that our neighbor to the south also did an audit that said this system worked. And when you drive there and see it, you will see literally hundreds and hundreds of jobs. You will see millions and millions of dollars in sales. And you will see cars in the parking lot from every state in this country. It's a roll of the dice, but I'm prepared, on a limited basis, to create this tool so that we will then be able to evaluate to see what we've done, and either go forward with it or stop. Either way, I think it's a gamble worth taking and I endorse the committee amendments.

SENATOR CUDABACK: Thank you Senator Landis. Mr. Clerk, priority motion.

CLERK: Mr. President, priority motion. Senator Chambers would move to bracket the bill until June 3, 2005.

SENATOR CUDABACK: Senator Chambers, you're recognized to open on your motion to bracket LB 500.

SENATOR CHAMBERS: Mr. President and members of the Legislature, unlike yesterday when Senator Landis knew that he had a slam dunk on a bill and offered a bracket motion on some others, I have not counted votes on this bill. It takes 33 to invoke cloture. That's where this bill will go. I'm going to see if there will be 33 votes against bracketing this bill. After what the Legislature did yesterday, giving away the store, this bill, is an obscenity. For the Legislature to undertake something like this after what was done last night is shameful. It is positively shameful. My view is not a surprise to anybody because I opposed that bill yesterday. Compared to this, that

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bill is as pure as a new born babe's rump. This thing is something that I did not believe would be advanced from the Revenue Committee when I was told about it. But if the body is going to take this monstrosity seriously, we should find out at the beginning. If there are 33 votes against bracketing it, which would translate into 33 votes for it, I will take the eight hours. I will not make any deals on this bill. Some of you who have contacts in the business community should talk to them and see what they think of this as a policy. They would not be competing with Cabela's on this because they've got theirs. I had mentioned to one or two of my colleagues that a person from the business community criticized this to me, and they know how I feel about what they got. They do not see it as good policy. I don't know if they will talk to others on the floor, but when I take a position, it is not dependent on how many other people are going to support it. This bill is a travesty. If Cabela's is as great a thing as Senator Landis says...and by the way, he sounded more like a carnival barker this afternoon than at any time I've heard him. There was a lack of conviction in his voice. It's like, hurry, hurry, hurry, step right up, get Senator Landis' youth elixir. Fifty years old? Take a swig of this, and you'll look like you're 30, although you may feel like you're 80 until it kicks in. Step right up, come one and all. And he'll say, in his mind, there ought to be plenty of you because there's one of you born every minute. How big a sucker is this Legislature? What do they think of my colleagues that they would bring an atrocity like this and expect you to pass it? I have more confidence in you than that, but I've been wrong in my assessment of the Legislature. But this bill will take eight hours and it will take eight hours on Select, and I will have to take as much time as I can on every other bill to make sure we don't get to it again. Now some people think that I've grown tired this session, that I'm worn out, that I'm worn down. Test me on this bill and every bill that comes after it. And if this bill seems like it's going to move...the Speaker is trying hard to manage the session. I'm trying to work with him where I can. But if he brings a list of bills out here, even though I had a chance to get a matter discussed on one of the bills that means a lot to me, namely, prohibiting discrimination against people because of sexual orientation; each one of those bills will get a half

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hour. I will ensure that every one of those bills is discussed for a half hour, and then it's off the agenda. I'm not going to argue a long time on this motion. I will save my energy for what it must be used for if my motion is rejected by 33 votes. Suppose it is not adopted. Suppose the bill is not bracketed. Then I'll just begin my opposition, and I will pace myself. You ought to think deeply and seriously about what the Legislature has already done. Sending this bill out here is as bad as that committee sending both LB 748, or if that was one, and LB 48 out here--totally irresponsible. The committee is not serving the Legislature well. That's my view. When the Judiciary Committee, of which I'm a member, has done things that cause me to feel this way, I said the same thing about them. I don't owe it to any committee, any senator, or any group of senators to bite my tongue on something as atrocious as is this. I have mixed emotions now that I think about it. Maybe you ought to do on and pass it and let the public see what a complete sellout this Legislature is. Bells and whistles and lights. Somebody brings that to the Legislature and the senators are dazzled. Senator Landis is going to talk about a flop and say, but nevertheless they said, well, it flopped kind of high. It didn't flop so badly. So run to Nebraska, as dumb as those rubes are, they give away everything. They'll give away anything. Say that it's big business and you've got them. Give me the rest of the session, or as much of it as I can take. I assure you, brothers and sisters, I'm not tired and I'm not bluffing. And I will begin drafting my amendments on this bill. And if nobody else utters a word, I will be able to take the eight hours, but we won't take them all today because there is a civic responsibility that some of us regard with solemnity and that is the privilege, and I feel the responsibility, to vote. Since I started voting, you had to be 21 years old in those years, I have not missed voting during an election. The Omaha city elections are today. And because we will leave at 6:00 so that those of us who choose to exercise the franchise will have the opportunity, we will only be able to get in about six hours. And if anybody thinks I cannot talk for six hours, they are underestimating me or they are engaging in wishful thinking. I haven't really been put to the test. Senator Landis' strategy yesterday prevented me from having to talk at all, by ordinary standards, so I didn't have to expend any energy yesterday. But

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I'm going to begin drafting my amendments, because when I make a promise of this kind, I have to keep it. Nobody put a gun to my head and told me that I have to oppose this bill. Nobody put a gun to my head and said that I have to carry it eight hours. It's just something that I feel a responsibility to do. Fourteen days in the session. What is that to me? If there were three days in the session, what would that be to me? I do think of the Legislature in institutional terms, so to speak. I do regard the status of the Legislature, the reputation of the Legislature. I respect what the Speaker has been trying to do as far as managing the agenda and the session, but I also have my agenda. And this Cabela atrocity does not fit in...

SENATOR JANSSEN PRESIDING

SENATOR JANSSEN: One minute.

SENATOR CHAMBERS: ...with what I think the Legislature ought to do. Why should I consider my view so important? Because it's my view. Does anybody else consider it important? That's of no moment to me. What I must do is what I must do, and I shall do that which I must do. Thank you, Mr. President.

SENATOR JANSSEN: Thank you, Senator Chambers. (Visitors introduced.) Senator Brown, you are next.

SENATOR BROWN: Mr. President and members, Senator Chambers, in deference to your endurance and anticipating that you could probably go as many hours as you wanted to on this bill, I voted this morning before I left town. It is amazing to me when I'm doing my other job, and especially in other states, how many people know Nebraska because of Cabela's. As much as for our football team, people know us because of Cabela's. I've had people say, have you been to the real Cabela's? Have you seen the stuffed bear? The answer is yes, but I also lived in Alaska when I was a child so I've seen real bears. But it is something that people associate with Nebraska, and has been very good for the state. I actually know some people, not well, but who came up from Texas in their RV and camped out for two days before there was some major sale that they wanted to participate in at the store in Sidney. And so I understand that this is something

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that could be very good from a tourism standpoint. And we are one of the states...we are the 49th state in state spending to promote tourism. One of the concerns I have about this bill, I think it does a lot for the specific project. I would like to see a small aspect of it, a little bit of the recapture, directed towards promotion of tourism more generally than just this, the one project. But I wondered if Senator Landis would answer a couple of questions, and I would yield my...the rest of my time to him to answer the questions. Can you tell us a little bit about what other states have done in terms of this, either directly for Cabela's or this kind of a sales tax incentive program, and also what you see the difference between this and other kinds of retail activity that might exist or might in the future exist?

SENATOR JANSSEN: Senator Landis, will you respond, please?

SENATOR LANDIS: Let me give you...thank you very much. Let me give you four states that do this, and there could well be more. West Virginia, Kansas, Pennsylvania, and Nevada. And the reason I know that those four states do it is because those states have wound up working with Cabela's to do this concept. I haven't checked to see how many states have it, although I will tell you that our Department of Economic Development certainly was aware of this, and our Chamber of Commerce certainly was aware of this as they got ready towards the session and thinking about what they wanted to...where they were going to be on various projects, what they were going to endorse. How is this retail different from other retail? The operations themselves are somewhat different in that the retail stores contain a element of museum-like displays that people go to and watch for dioramas and panoramas of nature and the like, and that provides an activity that's enjoyable. There's a little bit of natural history in there. There is a little bit of an educational or museum aspect to it. But let us make no doubt, this is a commercial operation designed to sell things. I'm not saying this is a museum. I'm saying that among the other things that...

SENATOR JANSSEN: One minute.

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SENATOR LANDIS: ...make the retail experience different is the aspect of nature scenes that run throughout the operations in Cabela's. That's one aspect that's different. Secondly, this winds up being destination tourism for which people are likely to drive greater distances than they would otherwise. It is something for which, given the history of these customers in this kind of a setting, you can define...you can see the practice of people traveling considerable distances to go to this. This attracts out-of-state business, and that's different than other kinds of operations. And in the time that I've got left, those are the answers that I'll provide on this light.

SENATOR JANSSEN: Thank you, Senator Landis. You have 18 seconds left, Senator Brown. Would you like to finish that? Senator Schrock.

SENATOR SCHROCK: Mr. President, members of the Legislature, this is probably one of those issues where you have to hold your nose and vote for it, I believe, and I'll tell you why. By the way, Senator Landis, cumulatively Game and Parks is the number-one tourist destination in the state, and, you know, you throw Lake McConaughy and Mahoney State Park in there. I have a map of the Game and Parks facilities here, if anybody would like to look at it. And if anybody wants a map, they're welcome to it. But you know, Game and Parks is very valuable to us as a tourist destination. But I think other things are valuable, and I think we need to develop tourism in this state. And we don't have a lot of mountains, we don't have a lot of mountain streams, we don't have a lot of natural places to go, although we have some good ones. We just probably don't promote them enough, and people think of Nebraska as a state to drive through so they can get to Colorado or Wyoming or what...or South Dakota. So I will tell you that in the year 2002, Iowa generated \$249 million in gambling revenues, and certainly some of that came from eastern Nebraska. What's that have to do with this? It means they have a war chest we have to compete with. And I, for one, think we need to compete. And I was talking to Senator Beutler at lunch...dinner last night. He asked me what I was going to do when the session was over. What was the job on the farm? I said, well, the corn is planted and the cattle are taken care of. We'll have plenty to cultivate and

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irrigating to do this summer, but the first thing I need to do is take my grandkids to an amusement park. Last year we went to Kansas City to Worlds of Fun. I think this year we're going to go to Des Moines, to Adventureland. And when we were at Kansas City, we stayed at Wolf Creek Park, or Wolf Creek Lodge, big indoor water park. Had a good time. And nothing more interesting and more fun than going with your grandkids to an amusement park, at least that's what this grandpa thinks. It would be nice if we had that type of facility in Nebraska. We don't. So I'm looking forward to this passing. I'm looking forward to Cabela's investing in the state of Nebraska, which they already have. There's one in Kearney. When I go on a fishing trip, I have to go to Cabela's in Kearney to stock up first. We have to compete. I would say that it's probably inconsistent to support a facility like this, which is so ingrained with hunting and fishing, and not pass LR 8CA also. But that's another issue, another day. But I am concerned that if we don't do this, Council Bluffs will become the entertainment center for eastern Nebraska. And if they're building a Bass Pro Shop there, and I understand they are...by the way, Cabela's will be a better destination than the Bass Pro Shop. Nothing against Bass Pro, but I've been to their places and I've been to Cabela's. If you have a choice, take Cabela's. It's just...it's bigger, it's grander, and it's just great. And I hope that that the Cabela brothers, headquartered in Sidney, Nebraska, build a facility in the metropolitan area of Omaha, and it would be a place that a lot of people would go. I still don't like what we have to do, but I don't know what the option is. If you have a better idea, let us know. Let Senator Landis know. I commend him for being realistic about this. So that's where I stand. And I hope we get the job done now. We need to attract tourists to the state, and we need to keep people in Nebraska from going to other states. And that's what I have to do a lot of times for entertainment. I don't have to, but we choose to do that, because we don't have this type of facilities in Nebraska. So thank you for your time, and I'll give the rest of my time back to the Chair.

SENATOR JANSSEN: Thank you, Senator Schrock. Senator Connealy, your light is on next.

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SENATOR CONNEALY: Thank you, Mr. President and members. I've got a cousin from Colorado and friends from California that come to my farm every year to hunt. And on the way here, every year they stop at Sidney. And I think the least that each one of them spends is at least \$600 apiece. It's phenomenal. I think Cabela's probably ought to give me a commission every year for those guys coming through. And that's not abnormal. If you look at the people coming into the state, and we want to increase that for tourism and hunting and the outdoor activities, I think that this will actually be a match with that. It's new territory for Nebraska, and I do have some qualms about moving into retail. But the thing that kind of tipped me over the edge and the reason why, if you watch...if you look at the committee statement that I voted the bill out of committee, is because it is a Nebraska company, and we oftentimes try to give incentives to somebody else and to try to bring people in. And this is a company that's done an awful lot for Nebraska, and a company that wants to expand here. And in reality, it's a company that's going to be in competition with a new facility from a company that's based out of Missouri, Bass Pro Shops, across the river in Iowa. And so, those are the kind of things that I took into consideration when I voted it out of committee, and I think that the time line and the limited nature of the bill that Senator Landis talked about is also a positive in this. And I strongly support the bill, so I am in opposition to the bracket motion.

SENATOR JANSSEN: Thank you, Senator Connealy. Senator Johnson.

SENATOR JOHNSON: Senator Janssen and members of the Legislature, I've been around this type of thing for a long, long time. Several years ago, I was in a group. One of the members was from Montreal. And when he found out that I was from Kearney, he just thought that I lived in the greatest place in the world because of the first Cabela's store was located there. Actually, I'm originally from Minnesota, and not only am quite familiar with the Mall of America, but Southdale was the first enclosed mall in the United States as well. It's not very far from the Mall of America. But let's get back to the subject at hand. One of the things that I've also seen is, about 60 miles south of the Twin Cities there is a Cabela's where they

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have so many customers that they send out vehicles to bring the people into the store. There are that many people going to the Cabela's store there. This is not unique. My daughter lives on the west side of Kansas City. When we started visiting her there a few years back, why, you drove through the countryside. Now we drive by this incredible complex that the state of Kansas was able to attract, a huge Cabela's store, a huge Nebraska Furniture Mart, the Gray Wolf Lodge. And it is fun staying there, I can testify personally. There is also a mammoth racetrack, must hold 100,000. If you told me more than that, I'd believe it. All of this has been worked out and, yes, Kansas did make some mistakes. They were one of the first ones to try it. I think we can correct the mistakes that they made and, hopefully, be able to help these kind of developments occur in our state as well. At the start of the session, I thought it was important that we have a deal-closer as far as road construction was concerned, and so I introduced a bill to the Transportation Committee. I actually ended up asking them to put it in the back drawer till next year for some other reasons. But these state of Nebraska has been so reluctant to help business, to help tourism, in this state. At the time of that hearing, I said, this is not a Kearney bill, this not an Arch bill, this is a Nebraska bill to be a deal-closer to help business. The next day in the paper, Arch bill tabled was the headline. Well, let's get away from that mentality and start thinking what's good for the state. The original Cabela's in Kearney, because it is not on the Interstate, has significantly...let's put it the other way around. The Sidney store on the Interstate has 50 percent more business than the Cabela's at Kearney,...

SENATOR JANSSEN: One minute.

SENATOR JOHNSON: ...with one-third of the traffic going by their door. Two-thirds of it has already gotten off and gone to Denver. It does make a difference. Let's start helping business. And it's been said many times in these chambers, around the state, and we continue to ignore it: I-80 is a river of gold flowing through this state. Let's make it possible for people going through our state to stop and leave a little bit of that gold behind. Thank you.

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SENATOR JANSSEN: Thank you, Senator Johnson. Senator Jensen.

SENATOR JENSEN: Thank you, Senator Janssen, members of the Legislature. We had a gambling proposal before us a year ago, and we did advance it, put it to the voters, and it was denied. But we were willing to put that out there to provide, some said, entertainment for our people, which would have taken money out of our own citizens, and where it would have gone is certainly up to, I suppose, the individual, whether it would have gone to Nevada, would have stayed in the state, where it would have gone. But Nebraska has very few things for outstate people to come in as tourists. The best thing about tourist dollars is that they're dollars from another state, they're dollars you wouldn't have here if you didn't have a tourist attraction. I think it's worth investment to develop some tourist attraction, be that Cabela's, be that amusement park, whatever the circumstances. I met the senator who came up with the Kansas STAR financing at a conference several years ago, and he told me about it, as a matter of fact, sent up a copy of their bill, which I have somewhere in my office, that has been there for about three or four years. And I always thought that this would be a great opportunity. And yes, I have driven by the facility down in Kansas and watched it grow and watched it expand. And a year ago, I took my entire family down there and we spent a weekend at Grey Wolf Lodge which I'd recommend to anybody. But while I was down there, I have a habit of getting up early in the morning, and so I did that and walked around the parking lot, and looked. And really, about one-third of the cars were from Nebraska, one-third. And they went down there to spend the same thing, a weekend or at least a night, and then to have this huge water park inside the lodge. And then, yes, there's a Famous Dave's there, that is owned, by the way, by an Omaha individual. He's building a couple more down in Kansas City. And then Nebraska Furniture Mart, another Omaha operation, Nebraska operation; just doing fantastic. Back then, I know for the first nine months that Cabela's was open, the average purchase, per person, was 200 bucks per person. So there's that kind of demand for that operation. Now between Omaha and Lincoln and, yes, Council Bluffs, we're approaching a million people, a million populace, which is a fair amount of people

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that you can now look for different attractions. I think Cabela's is one of those that I hope that can come to the eastern part of Nebraska. Again, you've got Interstate 29 on the other side. You would have people going north and south that would swing over into Nebraska to not only tour but to buy products that Cabela's would sell. And I look at, what is the downside of this bill? The only downside is giving up a portion of the sales tax revenue that you don't have today and you won't have tomorrow unless you do something like this. And then you're giving up a portion of those for a short period of time, not forever, and it's just amazing. Now I come from the real estate and the construction industry. And for years, and look at it right now today in Omaha, apartments for rent,...

SENATOR JANSSEN: One minute.

SENATOR JENSEN: ...free rent for 60 days, maybe even 90 days. We have commercial buildings that will say, low rent or we will forego the first six months rent for you to move in. Those are just business incentives that are there all the time. It's just a matter of business, to get somebody in, to get somebody into that situation. So those kind of deals are there. Now this is a situation where the state is saying, okay, we'll partner with you. We'll deal with you. You come in, you're going to be a large sales tax producer, and we're going to say we're going to forego a little bit of that income for a short period of time. Then after that, we get it all. I don't see what that downside is. To me, it makes sense, whether it be Cabela's, whether it be an amusement park, or some other entity where they can bring a lot of people. It makes just good economic sense to me. And so I would say....

SENATOR JANSSEN: Time.

SENATOR JENSEN: ...let's not do the bracket motion. Let's take a look at this situation. I think Senator Landis has put some very good opportunity there. This doesn't go on forever. It has a window where we can try this. If it don't work, we stop.

SENATOR JANSSEN: Time, Senator Jensen. Time.

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SENATOR JENSEN: Thank you, Senator Janssen.

SENATOR JANSSEN: Thank you, Senator Jensen. Senator Beutler, you're next.

SENATOR BEUTLER: Senator Janssen, members of the Legislature, I'm going to be supporting this bill. And I'm supporting this bill and I feel pretty strongly about it even though it's somewhat experimental in nature. But tourism has been the stepchild of economic development in Nebraska forever. I think most of us are aware of that. And yet, the competition is just as intense in this area as it is in any other area where we're competing for business. But I came at this from a small example to the big picture. I really became first interested in the Niobrara scenic river area in Senator Fischer's district. I really think that has long-term enormous potential. And when you start thinking of a place like that, you start thinking of a district or an area. And this bill, by the way, couldn't apply to the Niobrara area, because we're starting with a 600-acre tract right now. But then I kind of got involved, in perhaps not the most positive manner, Senator Johnson, with the Kearney Arch, and began to think about the potential of that. And you know, that's a smaller area. But if you create a larger district around that monument and add Pioneer Village and some other types of attractions, and pretty soon you have an entertainment district where people stop because there are a variety of things that draw them, as the French Quarter draws people when they come down to New Orleans, actually draws people to New Orleans. And most of your major cities now, and states, one way or another, are finding laws and ways and incentives to create entertainment districts, tourism districts, for a variety of reasons, I think, because of what it means in terms of attracting business, most of all, but what it means for our own citizens, for the spiritual life, for the good life; you know, places to go, things that are beautiful, things that are encouraged. And I think that this bill starts us on the path of exploring what tourism attractions, what destination tourism attractions can be, and will get us into the process of competing in an effective way in that particular area. Is this bill perfect? I doubt it. It's our first stab at it, but I can see lots and lots of good things in it. One of the things that

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I think is perplexing in an effort at economic development in this kind of area, and that is the fact that it, by its nature, sinks to the level, or rises to the level, however you want to characterize it, of involving some retail type businesses. But yet again, I would ask you, a fabulous restaurant properly conceptualized as part of the French Quarter, for example. You know, if it's part of a bigger whole and there's a whole concept and that concept draws people from someplace, maybe we ought to leave it to the judgment of a board, as this bill does,...

SENATOR CUDABACK PRESIDING

SENATOR CUDABACK: One minute.

SENATOR BEUTLER: ...as to whether once in a while that which is financed can be partly retail and partly not retail, something other than retail, the attraction itself. But it takes a new way of thinking about things. But I submit to you again that tourism has not had its due, has not had the kind of thinking that we should be giving to it. And if it comes...and if that thinking comes to us from the lawyers for Cabela's, so be it, but I think of it beyond Cabela's to what the concept of an entertainment and tourist district is, and I think that's the way we should all think about it and consider whether that's not...whether that doesn't have a place in our arsenal of economic incentives. Thank you.

SENATOR CUDABACK: Thank you, Senator Beutler. Senator Smith, followed by Senator Dwite Pedersen.

SENATOR SMITH: Thank you, Mr. President and members. I rise in support of LB 500. And what I have enjoyed most about serving in the Legislature is being exposed to various parts of Nebraska, various employers, various entities, activities and otherwise. And if you'll allow me, I'll share an experience. I was touring the Kawasaki plant here in Lincoln. It's not in my district, but it contributes immensely to Nebraska. And Senator Hudkins was with me that day, and I couldn't help but walking around that plant thinking how great it was that we have people working, number one; people working in Nebraska, number two; but the amazing thing to me was the fact that they were

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making...they were manufacturing items that I can't quite say are a necessary function of life, be they motorcycles, jet skis, or four-wheelers. Now four-wheelers, I'm sure, are necessary to some occupations. But in large part, these are products that are immensely discretionary. And the fact that these discretionary manufacturing activities are contributing to the economy, good jobs, which leads me to an actual situation that I received one time, a phone call, someone involved in business and, unfortunately, oftentimes sees the glass half empty instead of half full, kind of shook their finger at me, you know, we don't like these tax incentives because that forces us to pay our employees more. That's what it's all about. And when I see this bill that contributes to the economy, that leverages dollars within our economy to create more jobs, and especially as it impacts a homegrown company such as Cabela's, it's a win-win scenario. Is it a perfect bill? No. I've yet to see a perfect bill on any given issue. But I think of the activities of the entertainment and tourism, how we as Nebraskans, I don't think we've capitalized on that sector of our economy, in terms of leveraging the natural resources that we have. Yes, we've done a little bit of that within Game and Parks. They've been some good stewards, and they've had some good ideas. But what have we done in the larger aspect? And I think we have some proposed projects that would benefit from this that we can help them become a reality by supporting this, and I think we can be all better off, and especially when we look at wages and how we can leverage higher wages, and I think that creates a win-win scenario. Thank you, Mr. President.

SENATOR CUDABACK: Thank you, Senator Smith. Senator Dwite Pedersen.

SENATOR Dw. PEDERSEN: Thank you, Mr. President and members of the Legislature. I, too, have been to Cabela's. I have a soft spot for Cabela's. I can't drive by there without spending \$100 or more. The only sport I've ever cared about is gun-shooting and hunting. But I also want to make you aware that in District 39, not too far from Elkhorn and part of Omaha, is a new sporting goods store called Scheels, right on Dodge Street, a big store, probably not as big as Cabela's wants to build. But it is a full sporting goods store. And it is full of people

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every time I go there. I bought a large gun safe and two guns there in the last year for cheaper prices than I could buy them at Cabela's. And Scheels did not get any initiative or any breaks to build their store in Nebraska. I'm sure they did not get any to build their store here in Lincoln. And somebody said it has to do with the size. If they want to be bigger or bring more...guarantee more jobs, whatever it may be, then they can be part of this. Does that really have to be part of the formula? I also have a little bit of a problem with the tourism. I think a water park and an amusement park would be absolutely wonderful, beautiful, right here between Lincoln and Omaha, out at Mahoney State Park. But we're talking about bringing tourists to town for that. Tourists, to me, would be out-of-state people. They already have one of these in Des Moines, Iowa, close for the Iowa people. They have one in Kansas City. Who's gong to come from out of state to go to them places in Nebraska? It would be our own dollars, and I think we would keep them busy with our own people. I think we need to look at this in a lot of different ways than just say, let's give it to them even though it's sunset and see out it works. If Scheels can come to town and build a business like that have, and a thriving business, without any incentives, why should we incent somebody else to come to town and compete against them? You'll have to draw that picture for me very clearly before I could support something like LB 500. Thank you.

SENATOR CUDABACK: Thank you, Senator Pedersen. Senator Landis, followed by Senator Redfield, bracket motion.

SENATOR LANDIS: I absolutely am ready and understand, I take Senator Chambers at nothing less than his word. It's always been as good as gold. We will be here eight hours, at a minimum, absolutely. And I expect us to probably get to the cloture area, and that's probably going to be the life or death of this measure, and we'll see where we are when that day comes. I understand and accept that fact. It's a reality. There are plenty of reasons to talk about a bracket. My guess is there will be a reconsideration, there'll be a motion to recommit. We'll have a number of priority motions that will give Senator Chambers his forum to speak to us all, totally reasonable. I will at some point, after about an hour, probably make a motion

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to call the question on various ones so that we can get to the amendment process, so that Senator Redfield can get to her amendment about eminent domain and the like, but not to foreclose the eight hours' discussion that we have. I think Senator Chambers is reasonable on this point...not reasonable, but I think he's been clear on that point, and it's quite right we will be here, one way or the other, those eight hours. He's of a mind that we're going to do it and we will do it. The question is whether or not the fact that we're going to be eight hours should change the way you vote because I believe, if I understand Senator Chambers right, he says, you better vote like I want; otherwise, it's going to be this and that and this and that. Your judgment is your own, but you'd better do what I say because otherwise we're going to do this. You know, why don't we get into the realm of ideas? Why don't we get into the realm of good public policy or bad public policy? There are plenty of open questions on that score. I think that's a fair front on which to decide this measure. And if you're not persuaded...I listened to Senator Pedersen just now. I think he was saying, I'm not persuaded. I think it will be local money; I think it will be local money chasing local money, and I'm a skeptic of LB 500. I don't think it will really be tourism. I thought that certainly falls within the realm of ideas and is exactly the kind of discussion that we ought to have--fair game. I welcome a discussion about the underlying ideas rather than simply whether or not the clock is an appropriate mechanism to decide how you should vote. I mean, if I haven't been persuasive or if the bill is not persuasive to you, I expect you to vote no; no on the amendments, no on advancement, no on cloture override, because you're not persuaded by the ideas. All right. What is remarkable about this bill is it is different than the way we normally do business. We normally do not take the sales tax income stream and siphon it back for a particular project. We normally stick it into the General Fund. It funds our budget. That's a big difference in the way we normally do business. A second thing that is different about this bill is that we generally do not incent retail operations. Now some of the utilizations that have been suggested here in a theme park or a baseball diamond don't fall into the same retail category, and there might be some other kind of support that would be available to them. But the one that brought us here,

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retail, is not what we normally do. Those are two ways in which this bill doesn't fit the way we normally do business. And if the virtues and benefits, the possibility of growth and employment, do not outweigh those, the right answer would be to vote no, to protect the income stream where it is, because Lord knows, we've got plenty of good ways to spend sales tax money. However, will we get this sales tax money without the bill? Open question.

SENATOR CUDABACK: One minute.

SENATOR LANDIS: If you were a businessman and the state of Texas said to you, build your store here and we'll give you 40 million bucks, and the state of Nebraska says, build your store here because we think you're swell. Good luck. We love you, we're proud to have you as a citizen, we're going to tax you with a relatively high tax basis and the tax climate because you don't get one of our tax incentives. We're going to tax...your goods will sell at a 7 percent sales tax rate, compared to sales tax rate in the areas that some of which are lower, but we want you to come because we just think you're swell. As a businessman, which decision would you choose? Because that's the decision that Cabela's faces. And from my perspective, I could understand why they would choose Nebraska with assistance and help like this or forego being in Nebraska and going someplace else for states that are willing to...

SENATOR CUDABACK: Time, Senator Landis.

SENATOR LANDIS: ...reach out and make contributions and incentives.

SENATOR CUDABACK: Thank you, Senator Landis. Further discussion on the motion to bracket to 6-3-05, Senator Redfield, followed by Senator Synowiecki and others.

SENATOR REDFIELD: Thank you, Mr. President, members of the body. I find it somewhat interesting that when women look to purchase items, it's called shopping, but when men look to purchase, it's called entertainment and tourism. I just couldn't resist. (Laughter) I was one of the people in the

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Revenue Committee who did not support the bill, and I will tell you that the eminent domain issue, for me, was overwhelming. And since it was not stricken from the bill, I honestly could not support any element of it. I will tell you there was one part of it, though, that I thought was worthwhile because it talked about really local governments having control, and that was the ability for a local government, county in this instance, to actually levy a sales tax within the district that was being formed if, in fact, there was still a municipality outside of that district that had a sales tax. Currently, we don't allow that authority, and I thought that that was an element of local control and I actually liked it. We were talking about a local Nebraska business and, of course, we wanted to find a way to support that. But at the same time, we have always been very, very careful in not expanding our definition for tax credits to the retail sector, mainly because retailers go where the people are. And if they want the marketplace, they will come. So the question is whether it's really a tourism issue. Well, there are those on the floor who would argue that it is. I would tell you it probably isn't. But I know that in Minneapolis there is a mall that has been built and it has an amusement park in the center and there are people who actually get on an airplane and they fly there just to shop. Now we haven't offered that here. Perhaps that would be able to qualify under the terms of the bill. But because I was very concerned about some of the other elements, the richness of the package, and certainly the eminent domain issue, I will confess to you that I did not study in great depth in the Revenue Committee some of the other elements with the bonding, and so I do have some questions for Senator Landis if I could address those.

SENATOR CUDABACK: Senator Landis, would you yield to a question of Senator Redfield?

SENATOR LANDIS: I'll do my best.

SENATOR REDFIELD: Senator Landis, I had someone ask me in the lobby about the bonding issue, and I had to be honest, I really didn't know whether I could support bonding. And so I went home and I started doing my homework and I started really looking through things. And one thing I'm not clear on is who owns the

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land. Kansas City Star had an article where down there when they did the project, they sold...the unified government that was formed for the project sold the land to Cabela's for \$1, and then they signed a contract to lease it back from Cabela's for \$14 million over the life of the term. So in that case, it looks like the unified government would be the owner of the land. But in the bill on page 3, under the development project costs, it talks about...on page 5, I guess, subsection (p) "costs incurred in connection with the construction of buildings or other structures to be owned by or leased to a developer" and I couldn't find a definition for "developer." I didn't know whether the land was going to end up owned by an outside third party developer, the governmental entity, or Cabela's. And if you could answer that, I would appreciate it.

SENATOR LANDIS: The answer is that it could either be the local government, if they wish to, or Cabela's. There is not a requirement that...

SENATOR CUDABACK: One minute.

SENATOR LANDIS: ...it be held as a public asset. In fact, the land acquisition can be used for the purpose of buying the land that would ultimately be in Cabela's ownership. At the heart of it is a contract in which we use this financing tool, and they promise us investment and employment. And if there's an engine here of give and take, that's the engine of give and take, a financing mechanism in exchange for employment and investment. But in the end, the land is not a public asset. It winds up in the ownership of Cabela's.

SENATOR REDFIELD: All right. Thank you. I'm almost out of time. I do have some other questions and I will ask that when I push my light again. Thank you.

SENATOR CUDABACK: Thank you, Senator Redfield. Senator Synowiecki.

SENATOR SYNOWIECKI: Thank you, Senator Cudaback, members. I've been out for a while for an executive branch (sic) so I'll probably be repeating some of the things that have been

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mentioned already. But in Senator Landis' opening, he indicated that the Cabela's operation out in western Nebraska is the second leading tourism attraction of the state. Well, I have a Lincoln Journal Star April 21, 2005 newspaper article, and the source of the information is the Nebraska Division of Travel and Tourism. The number-one tourist destination site, I'm proud to say, in the state of Nebraska is the Henry Doorly Zoo, which is in District 7, and it's followed by Mahoney State Park and then Lake McConaughy. It lists the top 15 tourism sites in the state, and I'm not locating the Cabela's operation on here. And I asked Senator Landis what his source of information was, and he was going...I think, going to check on that. But in terms of setting the record straight, at least as it's produced by the Nebraska Division of Travel and Tourism, within the top 15 tourism sites within the state of Nebraska, it's not listing it, at this time anyway, the Cabela's operation, which, you know, may very well be a definitional problem in that Cabela's being a retail operation is not noted as a tourism destination. I'm very much supportive of tourism. I think the individuals in the tourism industry will tell you I'm a supporter. But in my mind, philosophically, I do not envision a retail operation, and as Senator Pedersen, Dwite Pedersen earlier spoke to, there are these operations in Kansas City and Des Moines and Minnesota; I don't envision these kinds of operations being...fitting my definition of a tourism asset for the state of Nebraska, or tourism site. I don't think that this operation will bring new money to the state of Nebraska, will not attract out-of-state money, in my mind. Again, as Senator Pedersen pointed out, these operations are already existing in our neighboring states. I doubt that we'll get families coming here from Des Moines or Minneapolis just to attend this retail operation. And so I just don't see this, the retail operation aspect of LB 500, fitting my definition of what a true and bona fide tourism asset is to the state of Nebraska. I'm also a bit bothered and concerned with the fundamental fairness issues with existing retailers, particularly those that are in the same line of...that offer the same line of merchandise, you know. And you know who I'm speaking of, and they've been very prevalent in the debate. This just strikes me as being fundamentally unfair, and it strikes me as providing a competitive disadvantage in the retail marketplace within the metropolitan area. You know, I'd be more

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at ease, I think; I'd be more open to this concept if we had stipulations or provisions within LB 500 that kind of enticed this operation to go to more remote or more rural area, away from existing retail operations that have, quite frankly, come into our state, established these projects, established their retail operations and are doing quite well without the assistance as is embodied or as called for within LB 500.

SENATOR CUDABACK: One minute.

SENATOR SYNOWIECKI: If the project was not...as I indicated, if it was not surrounded by a host of current business retailers that are basically in the same line of merchandise, I might be a little bit more open to it. But again, this thought or this concept of a retail operation being a destination venue for the tourism industry, I have doubts about. If you look at our top 15 sites relative to tourism, I'm not seeing any retail operations noted on that. I think perhaps we're looking at some fundamentally unfair principles to existing establishments. For those whole host of reasons, I just can't bring myself to support LB 500; although if we can somehow salvage LB 500 and if it can be viable without the retail provisions within it, I'd be very interested in it.

SENATOR CUDABACK: Time, Senator.

SENATOR SYNOWIECKI: As I indicated, I'm very much supportive of the tourist industry, and if there's any viability to LB 500,...

SENATOR CUDABACK: Time, Senator.

SENATOR SYNOWIECKI: ...absent the retail provisions, I would be interested in that. Thank you, Senator Cudaback.

SENATOR CUDABACK: Thank you, Senator Synowiecki. (Visitors introduced.) Mr. Clerk, items.

CLERK: Mr. President, I do have items. New A bill, LB 90A, is by Senator Wehrbein. (Read by title for the first time.) Enrollment and Review reports LB 614A to Select File. Confirmation reports from the Business and Labor Committee, two

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separate reports; those signed by Senator Cunningham. Judiciary Committee reports LR 76 back to the Legislature for further consideration; that signed by Senator Bourne. And I have a Judiciary confirmation hearing report, signed by Senator Bourne. And amendments to be printed: Senator Howard to LB 425, Senator Jensen to LB 426. And finally, LR 110, a resolution offered by Senator Foley. That will be laid over, Mr. President. And that's all that I have at this time. (Legislative Journal pages 1455-1458.)

SENATOR CUDABACK: Thank you, Mr. Clerk. On with discussion on the motion to bracket, Senator Chambers, followed by Senator Brown and eight others. Senator Chambers.

SENATOR CHAMBERS: Senator Chambers, members of the Legislature, I caught the last part of what Senator Synowiecki said, and Senator Beutler and I had just started discussing that before he made his comments. And maybe the idea of extending this to a retail operation had been mentioned by Senator Synowiecki earlier, but I had mentioned to Senator Beutler that if this is really travel and tourism or entertainment and tourism as they're saying, then they ought to get rid of all of the retail. But the fact of the matter, Senator Synowiecki and others, is that the talk of tourism and entertainment are just tack-ons. This is about Cabela's. They're going to mislabel something so that the Legislature can be suckered as it always has been, always will be. Now maybe if I was looking for a job after I got out of the Legislature, I'd be going for some of these things, but I'm not looking for that kind of a job. I'm not looking for any job, in fact, and I'm certainly not going to betray the best interests of the state for this one company. If it is as great and grandiose as everybody says, it could make it on its own. Senator Pedersen talked about a store, Senator Dwite Pedersen, that came to an area he is familiar with. They didn't get all of these handouts from the state. I hear Senator Schrock and others standing up here breathlessly saying, if you don't do this, Council Bluffs is going to do it. Well, let them. If you don't do this, can't...well, why didn't they go to Council Bluffs in the first place? Why didn't they go to all these other places in the first place? Texas got \$31 million, why don't they go on down to Texas? All of these things that

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people are saying make no sense whatsoever and they make the ones who say it seem out of touch with reality. I'd like to ask Senator Schrock a question because he may be the one who talked about Council Bluffs being the next stopover.

SENATOR CUDABACK: Senator...

SENATOR CHAMBERS: And he may have been the one who mentioned Texas.

SENATOR CUDABACK: Senator Schrock, would you yield?

SENATOR SCHROCK: Yes, I will.

SENATOR CHAMBERS: Senator Schrock, when these kind of bills come up, so many people are fawning and pandering that I may attribute something to the wrong person. Are you the one who said if Omaha...if Nebraska doesn't do this, Cabela's will go into Council Bluffs? Did you say that?

SENATOR SCHROCK: What I was saying is that Bass Pro is building at Council Bluffs, and we'll have a lot of people in Nebraska go to Bass Pro Shop for an outing, and they'll spend money there which, if we had Cabela's on the west side of the river, I think it would stop all of that traffic.

SENATOR CHAMBERS: But you didn't say, though, that Cabela's will go to Council Bluffs?

SENATOR SCHROCK:. No, no.

SENATOR CHAMBERS: Did you say Texas was offering them \$31 million?

SENATOR SCHROCK: No, I did not, but I think Senator Landis is the one that talked about that.

SENATOR CHAMBERS: Oh, then I'll ask Senator Landis. Thank you, Senator Schrock.

SENATOR CUDABACK: Senator Landis.

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SENATOR CHAMBERS: Senator Landis, did you say Texas is offering Cabela's \$31 million to come to Texas?

SENATOR LANDIS: No, but close. What I said about Texas was \$80 million for two stores. I also said West Virginia, \$35 million for one store.

SENATOR CHAMBERS: So who is offering them money now that Nebraska is competing with?

SENATOR LANDIS: Recent projects have included Nevada and Pennsylvania and West Virginia. But I...

SENATOR CHAMBERS: They're already there.

SENATOR LANDIS: ...I haven't asked what other stores are on the line. I will say that Bass Pro, which did build in Iowa, was given \$20 million by Iowa to do that.

SENATOR CHAMBERS: But Iowa is not looking at Cabela's, Cabela's is not looking at Iowa. Is that true?

SENATOR LANDIS: I don't know that they are. By the way,...

SENATOR CUDABACK: One minute.

SENATOR LANDIS: ...you and I both remember the story from LB 775 years ago when it was, you do this or we'll leave or move, that kind of a language that I think put us both...I haven't heard that language and it hasn't been phrased in this area. What I will not represent, you won't hear it coming out of my mouth, is if you don't do this, Cabela's will not come under any circumstances, under any or...

SENATOR CHAMBERS: Well, I'm aware you didn't say that.

SENATOR LANDIS: Okay, and I just...

SENATOR CHAMBERS: Right. I'm clear on that.

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SENATOR LANDIS: ...want to say that that is not...I'm not going to make that as part of any representations here.

SENATOR CHAMBERS: If they see that as a good place to settle, they will settle there as a good business decision, regardless of what we do or don't do.

SENATOR LANDIS: Senator Chambers, you and I would agree, I think, on this principle--and you'd go further in one direction and I'd go in a different direction--businessmen will follow their self-interest. Their bottom line will drive them, and they will do decisions that serve their interests well.

SENATOR CUDABACK: Time, Senator Chambers.

SENATOR LANDIS: And they're not...this is not charity or altruism. It is profit and loss.

SENATOR CUDABACK: Time is up, Senator.

SENATOR CHAMBERS: Business. Okay. Thank you, Mr. President. Thank you, Senator Landis.

SENATOR CUDABACK: Thank you, Senator Chambers. Senator Brown, followed by Senators Koplin, Stuthman, Beutler, Stuhr, and six others.

SENATOR BROWN: Mr. President, I would yield my time to Senator Landis.

SENATOR CUDABACK: Did you say, Senator Chambers, Senator Brown? Senator Landis, I'm sorry. I'm sorry. I'm getting harder of hearing. Senator Landis. I'm sorry.

SENATOR LANDIS: I was once introduced as Senator Chambers one time. I...usually I was mistaken for Senator Wesely, but I thought...I felt I had been upgraded and honored to be mistaken for Senator Chambers. All right, let's build on the platform where we are right now, which is, businessmen will go in search of their self-interest. And by the way, if there's money and profit to be made in Nebraska, they'll consider coming here. I

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think that's the theme that Senator Chambers would play out. Look, if there's money to be made in Nebraska, a company will come here. I wouldn't dispute that theory. I accept that theory. On the other hand, if you were a businessman choosing between two offers, and one offer of them is, come and do your best to make money because I think there's a chance for profitability here, and come, there's a chance for profitability here and we'll give you \$20 million to do it, which one would you pick? Now Senator Chambers says that the person who picks the \$20 million, that option, has lost their reason, or it strains the credulity. If you start with Senator Chambers' premise, which is that this is not charity and altruism, that it's business, that it's self-interest, people will go where there's profit. For example, I don't think you can get somebody to come here with enough incentives so that the business will lose money. That's right. You can't create an incentive so great that it will bring a company to a location where, when settling there, they'll lose money. Got it. Making money is an absolute minimum; making more money, even better. Is there money to be made in Nebraska? Yes, there is. And I believe Senator Synowiecki will tell you. Scheels Sporting Goods, out in the lobby on the argument of fairness. We came here without the promise of assistance. We opened up stores without help. Why? Because we thought there was profit in Nebraska. And by the way, there is profit in Nebraska. We've got enough money to hire a lobbyist to come down here and protect our interest because we are doing pretty well. Great, fair enough, understand perfectly. But they came here because there was profit in Nebraska, and that I think is the point that Senator Chambers is making. Now at a certain level and scope, that amount of employment and that investment gets into a national marketplace between states in which we fight to give those, as a staging area, our chance to make money here with the enhancements that states bring along. And those enhancements are greater. So even if you accept Senator Chambers' basic principle, which is that businesses do these decisions because they're in their self-interest, which, by the way, I agree with; and they won't go anyplace where they won't make money, I agree with; and they will only go someplace if they think they will make money, which I agree with; it doesn't answer the problem of what happens when there's two or three offers to go places and

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the other offers are more profitable than coming here because the intervention of a tax incentive. And the answer is, you know what? Cabela's could have opened here before they did Pennsylvania, but they didn't. They could have expanded here before they went to Texas, but they didn't; or Minnesota, but they didn't. Why? There's a logic to me that says the blandishments of those states were greater, that the option for profitability was higher than it was in Nebraska...

SENATOR CUDABACK: One minute.

SENATOR LANDIS: ...under the normal course of doing business here. Thank you.

SENATOR CUDABACK: Thank you, Senator Landis. On with discussion on the motion to bracket, Senator Kopplin, followed by Senator Stuthman and others.

SENATOR KOPPLIN: Thank you, Senator Cudaback and members of the Legislature. Yes, this is a new concept, somewhat new. It's certainly different for Nebraska. But it is a tool, a tool for the economic development to use to attract business. We've talked much over the last few days about the individual tax loads in Nebraska and the problems we have. Well, we have problems because we're a big geographical state with not very many people and a lot of need for services, and so we don't have many people paying for them. We need people in this state. To get people, you have to have jobs. That's where economic development comes in. The Entertainment and Tourist Act is simply a tool for Nebraska to use to attract companies. Certainly there are employees. We see 500, 600 employees in most Cabela's areas, and certainly, yes, they are a tourism attraction. It probably mostly comes off of I-80, which is the busiest road in the country, but people do stop. But it doesn't end there. I see way beyond this. I see the other businesses that develop around this as a second tier. And beyond that, there's another ring of businesses that develop to support the second ring. We're talking about many, many jobs for Nebraska. Many, many jobs require many, many people, and it gives us all a chance to build a bigger tax base to support this great state. I'm very much in support of this concept. I'm in support

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of...certainly, of Senator Redfield's amendment to do away with the eminent domain issue. It's a bill that deserves our attention, and I hope you will vote to pass it on. Thank you very much.

SENATOR CUDABACK: Thank you, Senator Kopplin. Senator Stuthman.

SENATOR STUTHMAN: Thank you, Mr. President and members of the body. I've been listening to the discussion, been taking some interest in this bill, and I have some concerns with it. The thing about it is, you know, we're trying to attract business to any community, to any area of the state of Nebraska. But what this seems to me is we're trying to attract a name, Cabela's. It's a very popular name. It's a sporting goods retail outlet. Do we have other retail outlets, sporting goods? Yes, we do. Have we attracted them to the state of Nebraska? Are they in the state of Nebraska? Yes, they are. The thing about it is, we talk about this bond, the STAR bond, that we're trying to create to help pay, you know, for the bonding of the new business to come to Omaha. I think it's a three star AAA bond because, you know, investors that are investing in the bonds are going to get paid because who's going to be paying for it? The consumers, by way of the sales tax. Seventy-five percent of the sales tax collected on this retail outfit is going to go to pay the bonds. So it's going to get paid because it's a very good company. It's going to get paid. But the thing that I'm concerned with is that, you know, we are creating something that someone, some business, has an advantage in their retail business over some other retail establishment that is here that's paid their whole way, that pays the 100 percent of the sales tax due to the state. They pay it. We benefit from it at the state. So let's take a look at that. Another thing that we must remember is, are we going to attract more consumers to this? Yes, we will, but we're only going to attract about so many new ones to this retail outlet. We will be taking and getting consumers from some other establishments to enter, you know, that new store. They're going to go there because of curiosity, because they like the equipment and the stuff that is offered at this new store. Those sales tax that would have been paid at an existing business would have 100 percent been going

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to the state of Nebraska. But when that group of people goes to the new establishment, only 25 percent goes to it. So that's a real concern of mine. I'm not against competition. I love competition. But competition needs to be on a level playing field. That is what we have to go concerned about. Do we want to subsidize one that's in direct competition with another retail establishment that is paying its fair share to the state of Nebraska? That is the issue that I'm trying to deal with. So I just think that we don't have a level playing field, and it really does concern me. I don't mind Cabela's coming to Omaha at all. I would love to have them come there, but come there on their own, pay the whole sales tax bill to the state of Nebraska. Thank you.

SENATOR CUDABACK: Thank you, Senator Stuthman. Senator Beutler, followed by Senator Stuhr.

SENATOR BEUTLER: Senator Cudaback, members of the Legislature, I think Senator Stuthman raises a legitimate question and I think that probably many in the body are concerned about the competitive aspect of this, and who we're going to need to make a decision about whether somebody like Cabela's is unique enough and different enough that it maybe should be considered in a different category and in the way this bill is suggesting. But let me also point out for Senator Stuthman and others something that I think is important and that indicates that even if we pass this legislation, Cabela's isn't home free. They're going to have to convince the Governor and his board that this is indeed a unique situation that justifies competition favoring a competitor; and then beyond that, they're going to have to go to the local level and convince the local officials, the two bodies that will be dealing with this, that indeed they should do this. And beyond that, there are public hearings set up so that the local body and the state board are going to be aware of the feelings of everybody involved, and they're going to have to weigh the balances in making this decision. And this board, by the way, is headed up by the Governor, and I would think that the Governor is going to be very prominent and very on the public stage when this kind of decision is made. So a Governor is not going to take lightly the existence of competition out there and how competition may feel in any particular situation,

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nor would I suggest would your local boards. Just the other day in Lincoln, we had the opportunity for a big hotel, and part of the agreement was that land would be acquired rapidly. But in the end, the city declined to use eminent domain to acquire that property, and we may or may not get that hotel now. It's certainly off track in terms of its timing. And it may well be that in this situation, even with respect to Cabela's, that either the board at the state level or the local officials at the local level will decide that it's not the right thing to do. And I wanted just to read quickly, and you can read for yourself on page 15, the factors that the joint entity, the local government, is going to have to make. And these will be similar factors to what the Governor is going to be thinking about when they make the decision. They're going to have to take into consideration the timing, number, wage levels; that is, all the benefits of the new jobs. That's predictable. (B), they're going to have to decide whether the activities contemplated by the company are qualified business activities and would lead to the establishment of a major commercial entertainment and tourism area. They're going to have to look at the timing and types of investment. Then the next one, also important, whether the city or joint entity believes the development project would occur in this state regardless of whether the development project plan application was approved. That's a question you and I grapple with on our economic incentives generally, and they're going to have grapple with it at the level of the individual project. And then finally, they're going to have to look at whether the benefits allowed by the act...

SENATOR CUDABACK: One minute.

SENATOR BEUTLER: ...for the development project, when compared to the local tax revenue and fees generated by the development project investment and employment, both on a direct and indirect multiplier basis, provide an adequate net benefit to the public bodies affected by such development projects. So it's going to be a net benefit equation that's going to be in the hands of the local officials and in the hands of the Governor himself and those who are working with him on the board. So even if we authorize this, neither Cabela's nor anybody else who might be competing with other retail establishment is home free by any

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means. Thank you.

SENATOR CUDABACK: Thank you, Senator Beutler. On with discussion on the motion to bracket, Senator Stuhr, followed by Senator Friend.

SENATOR STUHR: Thank you, Mr. President and members of the body. I first want to say that I am a supporter of tourism and I believe we need to do more in this area. But I do question including the retail establishments in this type of bill, and I agree with several of the speakers that have been before us. I do believe that it creates an unfair tax structure for these...for certain retailers. I would hope that we could look at this bill and maybe amend it to exclude the retail establishments, since we are really talking about tourism. When I think of tourism, I think of amusement. And I am certainly very open. There's been some discussion about an amusement park. I think this would be a great idea. Why wouldn't these companies want to come to this metropolitan area? According to some recent newspaper articles, the metro area tops 800,000 people, so why wouldn't this be an ideal place to come? And I'm thinking of in the amusement, particularly in that area. I believe that Senator Redfield was sharing with me that in Cabela's, in their annual report, 40 percent of their business relates to clothing. I don't really consider that...and she made some reference to that. I really don't consider that entertainment. Just because you have some stuffed animals, stuffed...I mean, yes, stuffed animals...and I've been to Cabela's in Sidney, I've been to Cabela's in Kansas City. The Kansas City district is extremely interesting because of the Nebraska Furniture Mart, another retail business. I have two daughters that live in Missouri. We have have two daughters, and they...this has certainly been, you know, probably one of the greatest drawing cards is Nebraska Furniture Mart, because there simply aren't places to buy furniture in the Kansas City area. So it was very wise of Cabela's to locate in...also in that area. Those are just some of my thoughts on this issue. I would hope that maybe...as I say, I'm supportive of tourism, but I would like to look at that issue of excluding the retail establishments, and when we're really looking at tourism, that we look at the amusement, such as the Henry Doorly Zoo, which is

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a wonderful, wonderful facility that draws, I believe, over a million people to our state. And I would certainly be open to that. With that, I'll turn the rest of my time to Senator Redfield. I believe you had some questions that she wanted to ask. Thank you.

SENATOR CUDABACK: Senator Redfield.

SENATOR REDFIELD: Well, thank you, Senator Stuhr. I actually do have some other questions. I wanted to continue the dialogue with Senator Landis, if I could.

SENATOR CUDABACK: Senator Landis, would you respond to a question from Senator Redfield?

SENATOR LANDIS: I'll do my best.

SENATOR REDFIELD: Thank you, Senator Landis. We ran out of time when I was asking you about who would own the land. You said that clearly, however it was structured, eventually Cabela's would be the owner of the land in this project. Did I understand you correctly? It was right at the end.

SENATOR LANDIS: Yes.

SENATOR CUDABACK: One minute.

SENATOR REDFIELD: Now I know that you have some amendments coming, and I haven't had a chance to look at those. But one of the things that I think was a mistake down in Kansas, and I know you're trying to correct some of those mistakes, was that the government sold the land to Cabela's for \$1, and then leased it back from Cabela's for \$14 million plus interest, so it ended up being a hunk of change, like \$31 million. In the amendment, are we addressing that at all, in your amendment?

SENATOR LANDIS: Actually, I think the best antidote to that is, dare I say it, your amendment. I think the inequity occurred in this way. The government acquired the land through eminent domain, acquired more land than was needed for the project, would up ceding it to Cabela's. Cabela's wound up having more

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of an asset than they needed, and they wound up reselling it, and they sold it and made some money on it. I mean, it would up making them \$10 million. In this case,...

SENATOR CUDABACK: Time, Senator Redfield.

SENATOR REDFIELD: Thank you.

SENATOR CUDABACK: Senator Friend, followed by Senator Janssen.

SENATOR FRIEND: Thank you, Mr. President and members of the Legislature. Listening to the debate, it occurred to me, not only today but throughout this session, throughout the last session that I was involved in, the session before that, some of the things that have occurred to me, and I really haven't been able to articulate it. There's various types of bills...there's a few type of bills, I think, and some of them, senators or some of the people throughout the state of Nebraska actually wanted, they wanted real bad. They didn't necessarily need to have that bill pass. Some were just on somebody's wish list. It could have just been one person. But it...the world wasn't going to come to a screeching halt if the bill didn't succeed. And I certainly don't think our world, our economic world, is going to come to a screeching halt if a bill like this doesn't succeed, but I do, and I would submit that it's quite possible that this could be considered or thrown into the category of a need. And let me try to explain. If we would have dropped income tax rates and sales tax rates this year, I don't know that I'd be standing here talking about this. That's how we grow an economy. We make things more palatable for businesses to react. Well, we didn't do that. We had the opportunity in the Revenue Committee, and I respect their decision. We had an income tax cut, we had a sales tax cut out there. Neither of those things happened. Okay, fine with me. Now what we're faced with is trying to expand our tax base. You do not expand tax base by adding more people within the state of Nebraska to a sales tax...what I would call a punitive sales tax type of approach. What...to expand a tax base, you say, let's go get those folks from Iowa, let's get those folks from South Dakota, let's get those folks from Kansas. Let's expand our sales tax base. That's the expansion of a sales tax base, not saying, boy, we

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got 1.7 million people here, we'd better figure out how to punitively tax each and every one of them. Boy, we're not hitting that one; we could sure create a use tax here. We're not hitting those guys; let's go ahead and go get them. We're not expanding...we're not growing that 1.7 million people; we're just there. We're stagnant. Does this grow our economy? It quite possibly could. LB 500 has the potential to expand our tax base. All things being equal between places like Colorado and Kansas and South Dakota...oh, for that matter, California and Nebraska, I would say we wouldn't necessarily need the help. But to me, to push Nebraska past Wyoming, with the Yellowstone Park sitting there, an automatic draw; to push Nebraska past a place like Colorado, with the Denver and Boulder night life that we all know, or some of us, and love; to push us past South Dakota, who's got four presidents on a mountain that people and, for some reason, everybody...

SENATOR CUDABACK: One minute.

SENATOR FRIEND: ...on a Harley-Davidson loves to drive by; to push us past a place like Minnesota, with 10,000 lakes; Carhenge is not enough. I don't think Carhenge is on this list. Maybe it should be, it's probably up there. I love this state. I love what it has to offer. Creative, proactive, and an attitude, taking an attitude about the way we approach things. Look, this bill could die. I mean, I've seen bills...I've seen my own bills die. I'd be fine with that if that happens. But I do think this is innovative. I think it's creative. I think it's...and I don't think it's reactionary. I think it's proactive, and it's a pilot, for all intents and purposes. I say let's see what happens. Let's give it a shot. Thank you, Mr. President.

SENATOR CUDABACK: Thank you, Senator Friend. Senator Janssen, followed by Senator Landis.

SENATOR JANSSEN: Thank you, Senator Cudaback, members of the Legislature. Here we go again. Another tourist attraction, collecting sales tax, keeping 75 percent of it. You know, I have a race track in my district, attracts an awfully lot of people to it, an awfully lot of people. They have a

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three-quarters of a mile gravel road that these nice cars, very nice cars, have to travel on to get to that race track. And let me tell you, we've been working with that township and the county and the Tourist Division in Dodge County to try to get that road paved so they can get those cars to that race track. The fellow that's running it is trying to keep it alive. A lot of people come there, but they don't like to travel on that gravel road. Maybe we could give that race track 75 percent of the sales tax that he collects so that he could get his road paved. That's all the guy is asking for. If we go down...keeping going down this slippery slope, we aren't going to have any tax base left. We started down this area in retail, whether you want to believe it or not, a couple of years ago when we gave Wal-Mart a tax break. Oh, no. That...the sponsor of that bill said, now this is a warehouse, this is not a retail operation. Well, the last time I checked, there's no separation in Wal-Mart between their retail and their warehouse division. It's one company. It's all going into one corporate headquarters. Will they make money? Will Cabela's make money when they come here? You're darn right they will. They have something to offer. I won't go there because I'm not interested in that kind of stuff, but there are a heck of a lot of people that will. They'll flock into this attraction, if you want to call it that. Now, it's going...there's going to be so many people there. Will their accommodations be enough to satisfy everyone that wants to stay there? Probably not. So what are we going to do for them? We're going to give them a ticket and say, you go down to the hotel, Marriott Hotel and show them this ticket and tell them you're staying at Cabela's and you want to make sure that that 75 percent of that tax comes back to Cabela's. Suppose you could do that? I don't know. I believe that if you can't make it in this business world without help from federal and state dollars, then you'd better get out of the business. And this has to end somewhere. Is it going to end here? Well, it could be a darn good start. If they want to come here, let them play on the same level playing field that the rest of the retail businessmen in this state have to play by. I didn't vote for this coming out of committee, for that particular reason. And I will not...

SENATOR CUDABACK: One minute.

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SENATOR JANSSEN: ...support this bill. Thank you.

SENATOR CUDABACK: Thank you, Senator Janssen. Senator Landis, followed by Senator Redfield.

SENATOR LANDIS: I call the question.

SENATOR CUDABACK: The question has been called. Do I see five hands? I do see five hands. The question before the body is, shall debate cease on the bracket motion? All in favor vote aye; opposed, nay. The motion before the body is, shall debate cease on the motion to bracket LB 500 to June 3, '05? Have you all voted on the question who care to? We're voting on the motion to bracket...to cease debate on the bracket motion. Have you all voted? Record please, Mr. Clerk.

CLERK: 27 ayes, 1 nay, to cease debate, Mr. President.

SENATOR CUDABACK: The motion was successful. Debate does cease. Senator Chambers, you're recognized to close on your motion.

SENATOR CHAMBERS: Thank you, Mr. President and members of the Legislature. It is clear that this notion of tourism and entertainment was just thrown in as a smoke screen to hide a retail scheme. Senator Dwite Pedersen pointed out a business in his area that did not get any state assistance. The Legislature is being asked to fund an outfit which doesn't need any help, to wipe out the establishment that Senator Pedersen mentioned to us, Senator Dwite Pedersen. I have heard countless times on this floor criticisms of Wal-Mart. I've received literature pointing out in detail what they're practices and schemes are in wiping out the competition. How can you condemn Wal-Mart and then support Wal-Mart under the alias of "Caballa's?" "Caballa's" doesn't need the help of the Legislature. If they have looked at that location and have seen that it's a crossroads, so to speak, and the kind of people they're appealing to will come there, let them do as other businesses have done. Open there and see if their judgment and their assessments were correct. But that's not good enough. This is

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a huge operation, from what I've heard, praised, venerated, revered, all over the world. But they can't make it in this area near Omaha without the state giving them these concessions. But if the state gives them the concessions, pays all their legal expenses, all their engineering expenses, all of their planning expenses, buying, leasing, benches, trees, lights...there's stuff in this bill which I think people ought to read. Then...right, barbecues, Senator Bourne. I think that's what you said. Whatever they...somebody pointed out that most of what they're selling consists of clothing, and that's entertainment and tourism? Some people who supported this bill through their words know better than that, but they have to pretend that's not the case. They have to pretend. And when ordinarily honest people are put in a set of circumstances where they have to pretend, something is wrong. But they should not lay aside their honesty. Call this bill what it is and either support it or don't support it. But don't hide behind the pretense that it is about tourism and entertainment, because it's not. It's about destroying competition and giving this big operation an unfair advantage by giving benefits from the state that would go to nobody else in retail. I'm the one who is probably laughed to scorn because I thought it would make more sense to offer some assistance to retail establishments in small Nebraska towns which are going to die, the towns are going to die. So you could make, I thought, a compelling argument that we could deviate from the principle of not helping retail establishments by saying, these are unique circumstances,...

SENATOR CUDABACK: One minute.

SENATOR CHAMBERS: ...and by giving this assistance, essential services are made available to people who would otherwise not have them. But the body said no, because that's little people. Your people out in the rural areas, you said no. Then here's "Caballa's" and, just like the people at Ak-Sar-Ben when they had their ball, you are so bedazzled that all the stuff you talked the rest of the time goes out the window, which shows that those things are flawed. Instead of being gold, I find out they're the base metal of fraud and misrepresentation. I'm going to fight the bill. I don't know that it has the clout that that one had last night. I'd like to ask to ask Senator

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Landis a question in my minute or two I have left, or seconds.

SENATOR CUDABACK: You have ten seconds, Senator Chambers.

SENATOR CHAMBERS: Well, I'll wait. I will ask for a call of the house.

SENATOR CUDABACK: There's been a request for a call of the house by Senator Chambers. All in favor of the house going under call, vote aye; those opposed, nay. Please record, Mr. Clerk.

CLERK: 23 ayes, 1 nay, Mr. President, to place the house under call.

SENATOR CUDABACK: The house is under call. All unauthorized personnel please leave the floor. Unexcused senators report to the Chamber. The house is under call. The house is under call. Senator Jensen, would you check in please? Senator Combs, Senator Pahls, Senator Heidemann. Thank you. Senator Price, Senator Louden. Senators Bourne, Thompson, Beutler, and Preister. Senator Louden, the house is under call. Senator Louden, please report to the Chamber. The house is under call. All members are present or accounted for. The question before the body is, shall LB 500 be bracketed until 6-3-05, that is, June 3, '05? All in favor of the motion vote aye; those opposed vote nay. Voting on the motion to bracket. The question before the body is, shall LB 500 be bracketed to June 3, '05? Have you all voted on the motion who care to? Have you all voted? Record please, Mr. Clerk.

CLERK: 15 ayes, 24 nays, on the motion to bracket, Mr. President.

SENATOR CUDABACK: The motion to bracket was not successful. I do raise the call. Mr. Clerk, do you have items for the record, please?

CLERK: I do, Mr. President: Senator Pederson, an amendment to LB 424, LB 421, LB 426; Senator Chambers, to LB 90A; Senator Pederson, to LB 427 and LB 425. (Legislative Journal

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pages 1459-1460.)

SENATOR CUDABACK: Thank you, Mr. Clerk.

CLERK: Mr. President, I now have priority motion by Senator Chambers to recommit LB 500 to the Revenue Committee.

SENATOR CUDABACK: Senator Chambers, you're recognized to open on your motion to recommit LB 500 to the Revenue Committee. You may open.

SENATOR CHAMBERS: Mr. President and members of the Legislature, Senator Landis had told you all that I would make a motion to reconsider, that other, but I didn't. I have plenty of tools in the box with which to work. There were not 33 votes against bracketing it. I know that every senator from Sarpy County has to vote for this monstrosity. That's where I'm so different from the rest of you. Just because I live in Omaha, doesn't mean I support everything that comes through here for Omaha, or because I live in an area where "Caballa"s" is already operating, I have to vote for anything they ask for. Who do you represent? You're not representing the people. You're representing these big shot outfits. Then sometimes you'll come to me and talk about the people, the people, the people, because that's when you want something different. But I look at these votes and I see that that talk of the people means nothing. That is the sham and the showpiece used when you want to try to get votes from the suckers who don't know how you vote on these other things the rest of the time. I'm not even a religious man. I don't profess to be righteous, holy. I don't even go to church. I don't participate in your prayers, but I would venture to say I'm more honest than most of you on this floor. You don't hear me talking one thing over there and then something else over here. I want to get votes with the people, so I'm with the people; I'm with the working people. I'm for the little guy, so I'm against Wal-Mart wiping out Senator Doug Cunningham and other little grocers. Oh, I'm against Wal-Mart. Then here it's "Caballa's" and because it's in your city and your county, you're for them. Because their big store is in an area where you live, you're now for them. What about the little guy? Well, that's a part of doing business. He needs to get

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bigger. You talk about hypocrisy. This place is rife with it. Then you're going to run out...well, you won't run out here and eat dinner this evening on the lobbyists, because we get to leave at 6:00 so we can go vote. And as for Senator Brown saying she voted before she came and I didn't, that just shows that I'm more on my job. The polls were not even open in Omaha before I got to Lincoln. That's the difference. I take this job more seriously. But again, we're what they call a citizen Legislature, so you can come when you want to and leave when you please and do whatever or nothing that you want to when you get here. I just see my work differently, so I cannot really say that anybody ought to conduct himself or herself as I do. But here's where I'm critical. I say be honest. Don't be hypocritical. Don't come in here and pray and pretend that all that stuff means something. I've heard senators stand up there and tell God to tell us how to use wisdom, knowledge, do what's right for the people. They pray that, not me. They talk that, not me. They invoke the name of Jesus Christ, not me. So what is it all for? When time comes to act, where are you? You know what your Jesus said, your Jesus, not mine? Why call me...why call you me Lord, Lord, and do not the things that I say? To update it, why do you sit up there every morning and invoke my name, then when you're on the floor, you do things that are contrary to what you know you ought to do? Where I wouldn't even have such a thing...such a religion as that unless I wanted to be free to do anything and everything I wanted to and still call myself righteous. I can lie, I can trick the people, I can be a hypocrite, and still be in good standing with my religion and my church. That stuff is worthless to me. I have to be honest. I do feel somewhat superior in my nonreligion and my nonreligious status. I don't talk about Wal-Mart being bad over there and then I'm going to give "Caballa's" this over here. Senator Cunningham and the grocers should be protected from Wal-Mart, but other retail establishments shouldn't be protected from this big retail operation? As much as Senator Beutler wants this bill, and as meticulous as Senator Beutler is, he knows this is a retail bill. It's for a retail establishment. Senator Redfield, who is going to support this bill, said how ironic it is that when a woman goes to retail establishments to make purchases, she's shopping. When a man goes to the retail establishment to make purchases, it's entertainment and tourism.

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Everybody knows this is the wink and the nod bill, but you all will go for it because it's big business, and I'll criticize you. One of the most effective political tools is that of satire, ridicule and sarcasm, and senators certainly can be ridiculed when they do things such as this, can be mocked and taunted. Poor "Caballa's," on the one hand known all over the world, and people tell you when you're from Nebraska, oh, you're lucky, I know about "Caballa's" out there, that's what I know about. I don't know when it was that I first heard about it, but most of my adult life, I had never heard of it. And when I heard the name, I didn't know what it was. But people all over the world know about it. That's what Nebraska is known for, more for that than the football team. I don't believe that, because they think Nebraska is a big football field, "Caballa's." I don't even know how to pronounce it. Is it Caballa, Cabela? It doesn't make any difference. People know what is being discussed. This bill ought to do back to committee, and the Revenue Committee should strike out everything that relates to this retail establishment. So here's what you're doing. You're giving this aid to a retail establishment, which you've been unwilling to do; you're diverting sales tax money, which Senator Landis said hadn't been done before; all for a retail establishment which is so prosperous and such an allure that they draw people from all over the world. And you got to help them. And you don't have enough money to alleviate the poverty within this state. Those impoverished areas in the rural parts of this state, some of them are most...are more impoverished than anywhere else in the country, and you would not talk about dropping a dime directly into those areas. And that's what I criticize a lot of these so-called assistance programs for. They don't go right where the problem is. I was driving down here today and there was an advertisement for University of Nebraska Medical Center. They can do some oncology work and they have developed a method of delivering, I guess, radiation. The accuracy is greater than half the thickness of a dime. In other words, there is less spillover onto nonaffected tissue, so the side effects are not as great. They brag about that. They boast about that. Well, should they? Maybe they should. And what does that have to do with all of this? You try to direct the treatment to the infected area that is to be healed, cured, or treated. But in

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Nebraska you don't do that. You've got towns dying and people living before the poverty...under the poverty level, people who cannot provide healthcare coverage for their children, so what do you do? You give "Caballa's" this money, this state assistance, and then you feel great. And you wonder why I call you a hypocrite and tell you ought to stop engaging in blasphemy...

SENATOR CUDABACK: One minute.

SENATOR CHAMBERS: ...and sacrilege by invoking the name of Jesus to bless that? Why, Jesus means less to you than he means to me, and you know what all that myth means to me. I'll quote it because you claim to believe in it. And when that which you claim to believe is something I can use as an argument, I'm going to do it, because I'm not holding you to my standard, I'm holding you to your standard, the one you established, the one you invoke every morning. And now look at you, just look at you. You want to study Medicaid, which is all right. When have you studied the conditions of the impoverished, those who cannot buy shoes for their children, people who are overweight because they have to eat a lot of starchy food and others where when you cook it, it swells up big so you get more of it for the little money that you have?

SENATOR CUDABACK: Time.

SENATOR CHAMBERS: You don't study that. You don't care about that,...

SENATOR CUDABACK: Time, Senator Chambers.

SENATOR CHAMBERS: ...but you care about "Caballa's." I'm "terched." I am "terched" to the bottom of my "haht."

SENATOR CUDABACK: Time, Senator Chambers. Thank you, Senator Chambers. Senator Redfield, followed by Senator Engel, on the motion to recommit.

SENATOR REDFIELD: Thank you, Mr. President, members of the body. Senator Landis talked about all of the other stores that

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Cabela's is building across the country, and I actually printed off a map to look at some of those locations. And I think what he's talking about here and what the question really is, when Cabela's is going to build in Nebraska. I don't think it's a question of "if," I think it's a question of "when." If you look at their growth pattern, and their business volume, you see that they're gaining by one or two stores a year, and they are currently in negotiations with Wheatridge, Colorado; Gonzales, Louisiana; Reno, Nevada; and East Rutherford, New Jersey; and so a company that size actually has to be very careful that they don't bite off more than they can actually deliver on, because their company name and reputation is at stake. So I think it's very important that they have the wherewithal to support every effort when they open a new store. And so the question is when and whether or not Nebraska is patient enough to wait for them to get to the point where their business model says we should go to Nebraska in the Douglas County/Sarpy County metropolitan area where there's a population base to support a store of this kind. It's like the Starbucks model. Pretty soon they're on every corner, and so eventually they'll come. But does Nebraska gain if they come here sooner, get in the queue ahead of the game for other states? I think that's really what we're talking about here, and whether or not we want to spend a great deal of money, or how much we want to spend in order to hasten that evolution. I'm looking at the map and I'm looking at the fact that Kansas City already has a store open, and so when you're looking at whether or not this is going to be a destination, are we going to get people coming out from Kansas City near...in Kansas or Missouri in that area, coming up here? Well, no. So coming up I-29, a store in Sarpy County is not going to become a destination for those folks. Coming from Wyoming, are we going to become a destination? Well, we have a store in Sidney, so we're already catching the people from Wyoming. If the store goes into Wheatridge, Colorado, are they going to pick off all the Colorado business, so we don't draw the people from Colorado? Well, probably, if that store goes through. There's one in Mitchell, South Dakota. There's one in East Grand Forks, Minnesota, directly north of us, so we've kind of cut off the north route. Really, the only route that I see open to draw is the Iowa business, because there is one in Owatona, Minnesota, and there's one in Prairie du Chien, Wisconsin, and so...Kansas

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City. Those are the ones that are closest. So we would be close and we might be able to draw the Iowa business, at least until they were to open one perhaps in Des Moines or near a population base in Iowa. So the question is whether the price tag we're looking at is worth the cost of drawing the Iowa business for a period of time. So that's why I've been asking Senator Landis questions, trying to calculate who is going to be caught with the bonds; if, in fact, we have enough competition to draw the outsiders, because if we're only drawing the retailers from Nebraska and our business, then actually we haven't gained any sales tax at all because people are...

SENATOR CUDABACK: One minute.

SENATOR REDFIELD: ...going to spend disposable dollars and when they're gone, they're gone. So getting our own people to spend more money in a Cabela's is not helpful to our economy, but certainly drawing outsiders in could be. I'm looking at the Sporting Goods Business, their newsletter. It was interesting to me that Wal-Mart was actually the number-one retailer in athletic goods in the country. Sports Authority was number two, Target was number three, then Foot Locker, Bass Pro, Sears, Dick's Sporting Goods, and Cabela's is number eight. So we're looking at some competition, and there's an amendment that the committee has, trying to make sure that this can be used by big boxes, competition. and I believe that the wording is interesting because it talks about a business that is same or substantially similar business that is operated within 25 miles. It kind of creates a window of protection for about 25 miles.

SENATOR CUDABACK: Time, Senator Redfield.

SENATOR REDFIELD: Thank you.

SENATOR CUDABACK: Thank you. Senator Engel, followed by Senator Chambers, on the motion to recommit.

SENATOR ENGEL: Mr. President and members of the body, I've supported, I think, every incentive package we've ever had in this Legislature and of economic development. And as far as tourism, I supported tourism in the past. I think it is our

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third largest industry, and I continue to support tourism. But in this particular instance, I think when we're...this, we're treading new ground here when we're going into the retail establishments to attract tourists. You know, in our area, like in Sidney, Nebraska, that is very...attracts a lot of people out there in Sidney. But you know, between Kearney and the Arch and the Wyoming border, what else is there out there? So tourists do stop and it is very attractive. I've been there many times. Some of the...the store they have in Texas, it's in a remote area and it is an attraction. And they have...up in Minnesota, they have one. It's kind of in a remote area, not totally remote, but remote area, so it is an attraction, but it's not right in Minneapolis. And as far as I'm concerned, the competition that this would give to our other retail outlets who sell similar products in the Omaha area, I just...I think it's just a fairness thing. I don't think it's something that we really should get into. And I'm all for tourism. Anything we can do to promote tourism, that's fine, but I don't think this is a way we should do it, because I think Senator Redfield just mentioned, where are we going to draw these people in from? You know, there's people in Nebraska who are going to stop there, but people from Kansas City aren't going to drop in. I don't think they'll drive over from Des Moines. They're certainly not going to come down from Minneapolis where the population centers are. They're not going to...if they do come in from Denver and so forth, they're going to stop at the one in Sidney. So there are Cabela's outlets. And I have nothing against Cabela's, or I guess Senator Chambers has renamed them "Caballa's," whatever "Caballa's" means. But I'm sure he has a definition of that particular word. But I, in this particular instance...and I support our economic package, everything we're doing other than this, and I support tourism, but I just simply cannot support this particular segment of the bill. Thank you.

SENATOR SCHIMEK PRESIDING

SENATOR SCHIMEK: Thank you, Senator Engel. Senator Chambers, your light is next.

SENATOR CHAMBERS: Oh, Madam President, thank you. Your voice surprised me and I thought it was you on the floor giving me

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your time. But anyway, I'm glad that some people are beginning to express opposition to what this bill does. Yesterday, LB 312 moved and everybody, including myself, knew that was going to happen. This is overkill. It is beyond the pale. It is not a neutral bill. It is a hurtful bill. If this bill is not advanced, if this bill is killed, if a cloture vote fails, the Legislature will have done what it ought to do, but it will not be one of those acts that falls in the realm of the noble. It would be one of those things which should be a foregone conclusion. I didn't know we had people out in the lobby who were pointing out to the senators where their businesses will be snuffed out. They probably don't use the terminology that I use. But if business is what this Legislature is about, and we were told that LB 90 was to be enacted into law so that some of the rural areas where they don't have these huge establishments that can capitalize on LB 775 and some of these other giveaway bills, should nevertheless have something made available for them, how can you turn right around on the same day and create through government incentives a monstrosity that is going to wipe out established businesses? The Legislature is not in favor of business. The Legislature is in favor of certain business interests, the large ones. If people who are in farming, production agriculture, if you grow cattle, pigs, chickens, corn, soybeans, or anything else, you know that you cannot compete with and against the huge operations which deal in any of those items that you're trying to produce. So what would you think if the state was going to bring in through incentives those kind of operations to wipe you out? You would be telling the legislators, don't do this, you're killing the family farm, this farm has been in my family. And we've heard all the stories. And you would not want your ox to be gored. But you're going to turn around today and do something the state has never done before for an operation that doesn't even need it. And in the process, you're not dealing with a free market type situation. You are unbalancing the playing field. You are giving to those who don't need it. Now that's something that Jesus did say also: To him that hath shall be given. From him that hath not shall be taken even that which he seemeth to have. He was forecasting this bill. He was talking about LB 500...

SENATOR SCHIMEK: One minute.

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SENATOR CHAMBERS: ...in 2005.

SENATOR SCHIMEK: One minute.

SENATOR CHAMBERS: To him that hath shall be given. To Senator Dwite Pedersen's establishment, from him shall be taken that which he seemeth to have. One guy said that the tax collector was so bad that, all he had was a hole in his pocket, but after the tax collector left, he didn't even have the hole in his pocket anymore. Everything was gone. And that's what this generous Legislature is going to do for "Caballa's." I commend Senator Engel because he threw me a curve which I wasn't expecting. I was sure he was behind this bill 100 percent. Thank you, Madam President.

SENATOR SCHIMEK: Thank you, Senator Chambers. Senator Brown, your light is next. You waived, Senator Brown?

SENATOR BROWN: Yeah.

SENATOR SCHIMEK: Senator Landis.

SENATOR LANDIS: Thank you, Senator Schimek, members of the Legislature. I was asked a question, and it's...an answer is a long time coming, given what we have for speaking order. But the question was about where Cabela's was considering going and what we know about those. Some of those have been publicly announced, some have not been and, of course, are proprietary information for which we do not share and don't...and the company wouldn't share with anybody, or that which is not far enough along to make a public announcement about. However, in the case...one of the ones that we haven't talked about is Utah. There is a public announcement of going to Utah. There they've used STAR bonds and they've gotten \$12 million to go. Another one that is publicly announced and has not been constructed but is in the works is Louisiana. Cabela's has been offered \$56 million to go to Louisiana. New Jersey is another place where the company has publicly announced their desire to go. Colorado, the same thing, and Nevada. In every one of those, a package of economic incentives is available. When Senator

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Chambers, either advertently or inadvertently, said that we're not in a free market situation here, he's true, and perhaps it was not inadvertent in his saying it. His notion, I think, is...I think his argument is, look, we don't want to distort a level playing field. If we were talking about normal retailers who are going to do business in Nebraska, you're exactly right. We might argue well that there is a level playing field for which LB 500 would be a distortion. But that analysis is wrong. That analysis doesn't reflect the fact that Cabela's has lots of options, exercised in many places, that their competitors...our competitors here are not choosing between one or another of potential retailers. Our competitors are other states who offer Cabela's anywhere from \$12 million in Utah to \$56 million in Louisiana, that the marketplace may be distorted, but it is...it is sentimentality to believe that it is somehow a level playing field. That practice has come and gone already, and not of our making. We are simply floating along in a current that we identified yesterday and the day before. And that current is states bidding for business, and we do it to some extent; other states do it to more. And what's happened is that this is a Nebraska-based chain who is growing elsewhere around the company because their entitlements, blandishments, offers, or whatever, are more attractive than ours. And under the realism that Senator Chambers suggests to you, and that is that a merchant follow their self-interest, it should not come as a surprise to us that the announcements for growth have not come in Nebraska. They've come in Utah, New Jersey, Colorado, Pennsylvania, West Virginia, and Texas, at least the ones that have been announced.

SENATOR SCHIMEK: One minute.

SENATOR LANDIS: And there are others in consideration before we have this one coming to us. And by the way, they didn't come in bills. What they did is they come and said, look, would you consider doing what other states do? Would you, if you will, level the playing field? Because the playing field is not between one seller of fishing lures and another. That marketplace, in its pristine aspect, upon which customers wouldn't travel but five or ten miles, that one may be a level playing field. This is not. One of the reasons we know it's not a level playing field is because Cabela's competitor, Bass

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Pro Shops, is sitting over in Iowa with \$20 million of Iowa money to go there. The marketplace is not between a drug store and a hardware store and a sports shop and another operation that happens to sell either some hunting or fishing gear and Cabela's. The marketplace...

SENATOR SCHIMEK: Time.

SENATOR LANDIS: ...is Iowa, Nebraska, West Virginia, and Utah.

SENATOR SCHIMEK: Thank you, Senator Landis. Senator Raikes, your light is next.

SENATOR RAIKES: Thank you, Madam President and members of the Legislature. I rise to support the motion to recommit to the committee. There's been several points made about this particular proposal, and one that I would agree with is that it is adventurous, newfangled, and so on. My own particular belief is that it is so in very much the wrong direction. Senator Landis has mentioned that we need to think about Cabela's decision-making process and where they might go and when they might go and which state and all that sort of thing. And I don't necessarily disagree with that, but I will suggest to you that you need to also be thinking about the state of Nebraska and the decisions that the state of Nebraska needs to be making, about the tax base we have, about protecting the tax base, about the things that we are required as a state to do--public education, corrections, all those things that you know about--and how we're going to have and maintain the funding to do those sorts of things. We have been in the game of business tax incentives for a number of years. It's been mentioned, and I'll just reemphasize, one of the reasons that we've stayed out of the retail area is that this is something that we have as a state to offer a business. They come here in order to attract retail traffic. The catch here is that somehow we're going to bring retail traffic from other states into Nebraska. We may do some of that, but you cannot ignore how much of the retail sales that are now going in Nebraska will simply be transferred to this new facility. The other thing I would suggest to you, and I don't remember having read carefully enough the safeguards, but what if you have a Cabela's that decides that a good

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operation for them to get into would be furniture retailing or maybe jewelry or whatever it is? So all of a sudden, something that started out as one type of operation, which is greatly subsidized compared to other businesses, begins to compete with all kinds of businesses. This is something that is the...has the potential of creating great inequity. It's something that is well beyond, in my view, what we should even be considering in terms of business tax incentive. We've stayed out of retail and we've done so for good reason. We should continue to do so. I strongly oppose this bill and do support the measure to recommit. Thank you.

SENATOR SCHIMEK: Thank you, Senator Raikes. Senator Kopplin. Senator Kopplin, I'm sorry. Your light is next.

SENATOR KOPPLIN: Thank you, members of the body. On a day like this, you just have to find humor where you can. I go to Cabela's and I ooh and aah at all the displays. Senator Stuhr goes and see stuffed animals--kind of put me back in my place. But I think we're forgetting a little bit of something, that this is a tool for economic development. We're concentrating on Cabela's because, yes, it is a Cabela's bill, but there are other entities that have expressed interest in doing this. And, yes, we've talked about Sarpy County, but with a little imagination, I could see perhaps tourist destinations in Nebraska City, Valentine, Beatrice, North Platte. This is a tool that could be used in the same manner anyplace in the state, and I don't think we should forget that. The concept, as I mentioned before, is new and it is perhaps a little daring. But we can't continue to ignore Interstate 80 and the pipeline that goes through Nebraska, the busiest highway in the world. I've heard several of you say, well, you know, there's already a Cabela's here, there's one there, nobody is going to stop. No, that's not the way it works with some of us. We stop at every Cabela's we see. And you would find, I expect, much of that same thing on the entire I-80 system. We need to use that. We don't have a whole lot of natural phenomena to use in this state, but we do have I-80 and it's time we use that the best we can. And if a tourism development plan--forget Cabela's, whatever you want to call it--that could work all along I-80, then I think we should do it. Thank you very much.

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SENATOR SCHIMEK: Thank you, Senator. Senator Redfield, your light is next.

SENATOR REDFIELD: Thank you, Senator Schimek, members of the body. I was just speaking with Senator Beutler and listening to the conversation about Bass Pros as Senator Landis was addressing the project over in Council Bluffs. I had forgotten that and the impact that might have on drawing the Iowa market. And I don't know how similar they are. I've never been in a Bass Pro store, and whether, in fact, that would pick up the traffic going up I-29 there or even the cross traffic coming in from Iowa. But perhaps Senator Landis will have some time to address that when he speaks next. One of the questions I had for Senator Landis, if he could go to his mike,...

SENATOR SCHIMEK: Senator Landis, would you yield, please?

SENATOR REDFIELD: Thank you, Senator Landis. I'm still back to the cost of the project and what the benefit is and trying to find a benefit that I think is significant enough to offset the cost or to bring the cost down to where I feel like it's affordable for the benefit. And the question I had goes back to the bonds. Who owns the debt? If, in fact, Bass Pro is very successful or they came across the river and they were within proximity of the Omaha market and drew off enough of the business and Cabela's said, wow, this isn't working for us, who is going to own the debt if there's any debt left in...you remember, when we created the kickback for the Qwest Center, we created a very tight formula, making sure that it only drew dollars from out-of-state new conventions and, in fact, Omaha has not found that to be as lucrative as all of their projections had actually told us they would be. So I'm looking to make sure that this is feasible and that we wouldn't have a bad debt out there and whose debt it would be, if you could answer.

SENATOR LANDIS: The answer is the bondholder.

SENATOR REDFIELD: The bondholder.

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SENATOR LANDIS: With the revenue...with a revenue bond, if enough revenue does not generate to pay off the bond, the bondholder eats the debt, which is why a revenue bond will have a higher interest rate than a general obligation bond, because the risk is greater. And the risk ultimately is borne by the bond purchaser.

SENATOR REDFIELD: So a revenue bond, in this case would it be a Cabela's bond or would it be a government bond?

SENATOR LANDIS: It...the issuer of the bond is the issuing agency, which is a public entity. But it is not the debt of...it is not a public debt against which you can levy against public ownership, assets, property, or tax base.

SENATOR REDFIELD: No, I understood that. What would that do, though, in a default situation, to the credit rating of that public entity?

SENATOR LANDIS: The public entity's credit rating may be affected. My guess is it probably would have some influence. But what the credit rating is based on is the ability to pay off the general obligation bond with its tax base, with its tax base. Understand, the market understands that a revenue bond is not supported by the underlying tax base. It is like a corporate bond. A corporate bond has nothing other than the issuer of the bond, who's saying, look, these are our assets. Here's what we have and here's what we're doing. And the asset stream is essentially the generation of business and revenue through the sales tax stream to pay off the bond.

SENATOR REDFIELD: So the only danger could be to the reputation of the public entity as far as issuing future revenue bonds? Yes, all right. I have one other question about the amendment that...

SENATOR SCHIMEK: One minute.

SENATOR REDFIELD: ...was drafted by the committee, and talking about the competition. You couldn't qualify for this if, in fact, within 25 miles there was another similar or basically the

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same type of entity, and you couldn't if they had existed two years before. But there's nothing about afterwards. So would this prevent any competition from coming in after this had occurred, or it just would not all them to become one of these STAR bond recipients?

SENATOR LANDIS: I interpret that language differently than you do, and I think we're...hopefully, we'll eventually get to the topic of the amendment. But that is if there isn't another Cabela's in 25 miles, there isn't another Cabela's that comes in two years later. What you do is, oh, we've got an operation here but now we're going to open up a new one but for this one we're going to want...

SENATOR SCHIMEK: Time.

SENATOR LANDIS: ...the STAR bond.

SENATOR REDFIELD: Thank you.

SENATOR SCHIMEK: Thank you, Senators Redfield and Landis. Senator Chambers, you're recognized to speak.

SENATOR CHAMBERS: Madam President, members of the Legislature, Senator Landis is on his phone, but I was going to ask him a question or two about this bonding.

SENATOR SCHIMEK: Senator Landis.

SENATOR CHAMBERS: Senator Landis, which public entity would be the issuer of the bonds?

SENATOR LANDIS: It's possible that a city or a county could serve as the contracting body, as it's called. The one that I think currently is contemplating doing that, in the situation that we're all talking about, is the county, but it could be either.

SENATOR CHAMBERS: And the purpose of having a public rather than a private issuer is so that the interest paid on the bonds would be tax-free. Is that true?

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SENATOR LANDIS: (Cough)

SENATOR CHAMBERS: That's not an answer, Senator Landis, which I understood anyway.

SENATOR LANDIS: (Laugh) That is one virtue of it. The use of revenue bonds is a capital-creating mechanism to get a pile of money together to do some action that hopefully relates to the public interest.

SENATOR CHAMBERS: But it doesn't have to be...they don't have to be issued by the county or any of the...

SENATOR LANDIS: Don't have to be, that's right.

SENATOR CHAMBERS: ...other public, so...

SENATOR LANDIS: We have any number...we have industrial bonds, we have any number of revenue kinds of bonds. They are tax-exempt when you buy them if you...you know, or your interest is a...oftentimes they're tax-deductible. I'm not sure if I can say that in every case.

SENATOR CHAMBERS: Who would buy these Cabela's bonds?

SENATOR LANDIS: Understand that there will be an interest attached, and speculators do, local businesses do. It's not uncommon for financial institutions to buy them.

SENATOR CHAMBERS: Who pays the interest?

SENATOR LANDIS: The interest is paid by the issuer of the bond in paying the bonds off. So what will happen is the bonds will be sold. That money will go out to the doing of the project, and then this income stream will pay back the bondholder plus interest.

SENATOR CHAMBERS: And if Cabela's is the bondholder of its own bonds, Cabela's could get the interest? They...

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SENATOR LANDIS: Yes, if they were the bondholder for themselves.

SENATOR CHAMBERS: Okay.

SENATOR LANDIS: And by the way, that's not a remarkable circumstance in public financing.

SENATOR CHAMBERS: But it should be made clear how Cabela's is being allowed to clean up in several different ways while knocking off some of these other businesses, as I say it. Okay, thank you, Senator Landis. Members of the Legislature, the more that this bill is discussed, the worse it becomes. I don't know whether they got 33 votes to invoke cloture. Even if people say they'll just vote cloture but won't vote for the bill, that's not a wise move. There should not be a vote for cloture, then the bill goes away, and that's what I think ought to happen. But I'm at least going to get my eight hours out of this. If perchance it advances to Select, and I know the lobbyists and all the others who are for this bill will tell you, stand up to him. You don't have to do what he tells you to do. Show him a thing or two. Send it over to Select and what difference does it make if he ties up everything else, because it doesn't affect them, they feel. If I'm the lobbyist, I'm going to get paid if I get the bill moved. And then we and they will chuckle, we got the rubes again. They sure stood up to Ernie, but they lost a lot in the process. I have nothing to lose. That doesn't mean there are no things on the board in which I have an interest, but there's nothing on the board that I have so great an interest in that I'm going to let this go without consequences being assumed by some people. So those who got bills...

SENATOR SCHIMEK: One minute.

SENATOR CHAMBERS: ...behind this, don't even do the research, don't even do the study. And to help you not have to do it, I will take eight hours on every bill in front of yours, starting with the next one. Is that a deal? I don't hear any opposition so I guess that's what the deal is going to be. My colleagues who have been here for some time are aware that when we get into the posterior portions of the session and time is of the

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essence, people get frantic. They want to start Christmas-treeing. But this time I'm going to watch who votes for cloture. I'm going to watch. And Senator Landis said, in so many words, disregard what I say. Don't do it under a threat from me. Do what you think you ought to do and pay the consequences, just as I'm prepared to do when I take the course that I lay out. You think I cannot withstand your anger and wrath for 14 days? Sure, I can.

SENATOR SCHIMEK: Time.

SENATOR CHAMBERS: Thank you, Madam President.

SENATOR SCHIMEK: Thank you, Senator Chambers. Senator Stuthman, your light is next.

SENATOR STUTHMAN: Thank you, Madam President and members of the body. I've been listening all afternoon, made a few comments, and all of a sudden I got a little short in my mind. Why didn't we discuss this part yesterday, to give a sales tax credit to some of the bills in the incentive package, the one that there was the Small Business Entrepreneurial Incentive Act? Wouldn't that have been nice, you know, to say if you invest \$125,000 and have two employees, you don't have to pay any...you don't have to send 75 percent of the sales tax until the \$125,000 is paid for? Pretty good deal. What about \$250,000? May take twice as long, but that would have been maybe the route to go. I don't know if I would have been worked a little different, but I'm looking at, you know, let's be fair to everyone. Let's give to everything if we want that route...if we want to take that route. Let's not have, you know, just a name or business what we're going to select or someone selects that to try to lobby us to get them to get what they want. I'm very concerned about, you know, businesses that have been...been there, you know, established communities, helped communities, paid their fair share. And then we tried to give someone a little bit of an advantage to come in and be competition for them. That is a real concern of mine. Now Senator Chambers said, you know, the lobbyists are going to have to stand up to Ernie. But they're not going to have to stand up quite as tall to me, because I'm a little bit shorter than him, but maybe as strong. And at some

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time during this session I am challenging my best friend to an arm-wrestling. (Laughter) And that will show who will be the winner. But I'm with him today. Thank you.

SENATOR SCHIMEK: Thank you, Senator. Senator Brown, your light is next. Senator Brown. Senator Raikes, you're recognized to speak.

SENATOR RAIKES: Thank you, Madam President, members of the Legislature. Again, it's been mentioned several times that this is a new and innovative program, and I would suggest to you that as a result of that, there are many pitfalls that are hard to pick out at this stage. For example, it's not clear to me just exactly how much could be bonded. Could the...and I understand there is a governing board here and all that sort of thing. But could there be a deal made where a business decides, well look, I'll come in there if you'll build the building and you'll give me \$1 million cash up-front? Could all of that be bonded with revenue bonds? I don't know. That's something, I think, that needs to be spelled out. It needs to be worried about or, better yet, let's not do this and then we won't have to worry about that. Those kinds of things give me great concern. The public involvement in this sort of thing is very minimal. You more or less turn this operation loose and whatever happens, happens. There's not a local public vote involved that I know about. You've got a board involved. If you looked at what happened in Kansas City, and I think that's already been pointed out, clearly there were excesses. And whether or not those...you could do something in specifying a bill to avoid that, I don't know. It looks to me...in fact, as a I recall, in the committee amendment, we actually went the opposite direction. Rather than attempting to minimize the number of things that could be included in the bonded amount, we added more so that you can have furniture and fixtures, engineering, architectural and planning expenses, legal, accounting, and consulting expenses; in spite of the fact that if you look at the Kansas City experience, this was what led to to a great deal of difficulty. This is what...where there were suspicions at least that money was being mismanaged and not used in the best interest of the public. Again, I think this is something that we should very firmly at this point take a pass on. This is not

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something we should do. I hope you'll agree with that, support the motion to recommit. If I have some time left, I would yield it to Senator Chambers.

SENATOR SCHIMEK: Senator, one minute and fifty seconds left. Senator Chambers, would you like to use the rest of Senator Raikes' time?

SENATOR CHAMBERS: Yes, I would, and I sure wish I could get some more. But, Madam President, when Senator Landis was saying the competition is not within the state business versus business, but between states and among states, what he's saying is, sacrifice the businesses in Nebraska so that another big business in Nebraska can wipe out these businesses within the state. In other words, hurt the businesses within the state to help this big business to stay in the state and hurt people within the state. Whom is to be helped? You don't improve anything by doing away with businesses. In other context, we'll hear people talk about the huge percentage of businesses which are considered...

SENATOR SCHIMEK: One minute.

SENATOR CHAMBERS: ...small businesses. Well, Senator Landis is willing to sacrifice them. The example I would give to maybe somebody like Senator Wehrbein, if he's of Senator Landis' philosophy, if Texas tells a cattle operation, we'll give you \$1 million if you come here, so Nebraska says, but if you come to Nebraska, we'll give you \$1.5 million, but by bringing them here, they wipe out all of the small cattle producers. Well, they got that one big guy, but the others went by the boards. They didn't count. That's not the way I look at it. Senator Landis sees it differently from the way that I do. This bill ought not to go anywhere. As Senators Stuthman and Raikes pointed out, all you're going to do is transfer the finite amount of money that Nebraskans have to spend from where they're spending it now to one big operation.

SENATOR SCHIMEK: Time. Thank you, Senator Chambers. Senator Landis, your light is next. Senator Landis waives. Senator Redfield.

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SENATOR REDFIELD: Thank you, Senator Schimek, members of the body. I was looking through a packet that was lying on my desk when I came back from lunch. I believe it's Senator Pedersen, Dwite Pedersen, District 39, and it's a performance audit report, Senator Beutler, and it is from Wyandotte County in Kansas. And on page 4, it's talking about the STAR bonds, and I believe Senator Landis was talking about which states were using the STAR bonds. And it says that Arkansas and Colorado don't allow state sales taxes to be used to pay back STAR bonds. In these states, the bonds are exclusively paid back using local sales taxes. And that was the part of the bill the first time I spoke I thought was fine. Oklahoma and Tennessee allow state sales taxes to be used to pay back STAR bonds, but they are more restrictive than Kansas on how much state revenue can be used. In Tennessee, state sales taxes can be used to pay no more than 50 percent of the total debt service on the bonds. And in Oklahoma, the maximum amount of state sales taxes that can be used statewide is \$200,000. So I'm not seeing Utah on that list, but perhaps the Utah project came up later after this Kansas document, although this is February of 2005, so I would have assumed that the other projects might have been listed here as well. Senator Chambers, you said you wanted more time. I'd be happy to give you the remainder of my time.

SENATOR SCHIMEK: Senator Chambers, you have 3 minutes and 20 seconds.

SENATOR CHAMBERS: Thank you, Senator Redfield. Thank you, Madam President. I have to try to say more slowly what I was trying to get at before I rushed. Senator Stuthman and Senator Raikes pointed out that there...and I'm using my own...I'm paraphrasing. There's a finite amount of disposable income that people in Nebraska have. Most of the customers at Cabela's will be the people who are spending money in Nebraska now. That money which they spend now brings in sales tax. All of that sales tax money, other than what the merchant takes out, goes into the state General Fund. If you transfer that money being spent where the sales tax only goes into the state General Fund to this other operation, you do two things that are damaging. The bulk of that sales tax money is not going to go into the

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General Fund; it's going to go to Cabela's. And these businesses that were making sales are not going to be making them. So the other business not only does not make the sale, but the sales that would have been made and generated sales tax will not be a part of the scenario at all. This bill is not a plus for anybody other than Cabela's. Nobody on the floor has stood up, including Senator Kopplin--he said you have to find humor wherever you can--to tell me that Cabela's is going to invest in a hotel near its place so people who travel these great distances to come to Cabela's can get a room in the hotel and stay there overnight and then get up the next day and do some more shopping. I'm sorry, I should correct that. If they're men, they'd do some more touring and entertaining at Cabela's. They're not going to build a hotel. Think again of what was done yesterday. Senator Landis, I don't know if I have enough time, but I'd like to ask you a question.

SENATOR SCHIMEK: One minute.

SENATOR CHAMBERS: So maybe he could...could he...oh, he's coming.

SENATOR SCHIMEK: Senator Landis.

SENATOR LANDIS: Quick as I can.

SENATOR CHAMBERS: Senator Landis, Senator Beutler was talking about the Governor being a part of some board or other. Is that true?

SENATOR LANDIS: Yes.

SENATOR CHAMBERS: Is the Governor in favor of this bill?

SENATOR LANDIS: Actually, although I've talked to him about it, I don't believe he's on record in favor of the bill. I think he's...you'd find him officially neutral.

SENATOR CHAMBERS: Officially neutral.

SENATOR LANDIS: I've never heard him speak approvingly. There

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is nobody from the department out there, or the executive branch. And I've never heard him endorse the idea. And I've been in a room in which he was...if he was going to endorse it, he'd look me in the eye and, you've got my help. He never has.

SENATOR CHAMBERS: On LB 312 he probably almost knocked you over and jerked your arm out of the socket saying he supported that, huh? (Laugh)

SENATOR LANDIS: (Laugh) We were doing that pump handle thing on LB 312. Not the same thing here. That's right.

SENATOR CHAMBERS: Okay. And when he stopped, probably there was still a reaction after his hand was gone.

SENATOR LANDIS: We're best friends on LB 312. We're strangers on this one.

SENATOR CHAMBERS: Okay. If you were a betting man,...

SENATOR SCHIMEK: Time.

SENATOR CHAMBERS: ...and I'm not going to make...

SENATOR SCHIMEK: Time, Senator.

SENATOR CHAMBERS: Thank you, Madam President.

SENATOR SCHIMEK: Senator Raikes, your light is next.

SENATOR RAIKES: Thank you, Madam President, members of the Legislature. One other concern that I would like to bring to your attention on this bill is, at what point does the state government in Nebraska step away and say, let's let the business community operate? We run the risk of creating a culture here in the state where no sane business person will do anything unless there's some kind of a dollar incentive hung out there for them to do it. Why would you? If you just wait, the Legislature will eventually meet, and we can talk them into giving us some money. Yeah, it may make some...it may make very good sense for us to do it now, but you know, it will make even

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more sense to wait and get some additional money so we can do it then. I think it's a very dangerous thing. We have a tax base that we have, I think, carefully developed over the years, which...you know, there's those, certainly, who argue there are flaws in it, that we should do some things differently. I think they make that point probably pretty well. But nonetheless, it is a tax base. As you do sort...these sorts of things, one thing that you are...you may or may not be effective in attracting another business venture to the state. One thing you certainly are going to do is corrupt the tax base. You're going to be giving away revenues that you need to...and particularly when...you know, and keep in mind the economic cycle that we're doing this in. When everything is going up, well, most people believe that everything will go up forever. Well, most of you that have been here just a few years know that that doesn't happen, that they go down. Once they begin to go down, you begin to scramble for money and you have automatically taken all this business tax incentive money off the table. You've got to go cut some other places. You...in addition to that, you've created all the inequities. You've got existing businesses that made the mistake, I guess you could say, of operating in the state without any incentive. They simply participated in the business climate, are out there investing, hiring, buying and selling, trying to make a business work. We're more or less saying, with this kind of stuff, you're a fool for having done that. What you ought to do is hold out for money, for incentive from the state government. Other states...you're right, other states are doing this. But that doesn't mean that we have to pile on. That doesn't mean that if another state makes a dumb decision, we have to make a dumber one. And unfortunately, that's what you're left with here. Just a dumb decision won't work; it's got to be dumber than the other state in order for it to be effective. Again, I hope you'll seriously consider those points, in addition to the one that, make those decisions that are important for the state of Nebraska, that preserve the base, the tax base that we have, so that we can do things, do the things that the state has to do in order to satisfy not only its constitutional requirements, but the citizens of the state. Again, I support this motion to recommit. And I hope you'll join me in that, and also in opposing the bill.

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SENATOR SCHIMEK: One minute.

SENATOR RAIKES: Thank you, Madam President.

SENATOR SCHIMEK: Thank you, Senator Raikes. Senator Bourne, your light is next.

SENATOR BOURNE: Thank you, Madam President, members. I'd like to yield my time to Senator "Chahmbers."

SENATOR SCHIMEK: Thank you, Senator. Senator Chambers, you have about five minutes.

SENATOR CHAMBERS: Thank you, Senator "Bournay." Madam President, members of the Legislature, this is another of those unholy alliances between Senator Landis and the "Emperor," Walt Radcliffe. I remember, near the latter part of last session, there was a constitutional amendment proposal, LR 2CA, I think. And they got the body to go along with it, to bail out Lincoln. They said it was for the State Fair. Senator Bourne, being prudent, added the proviso that Lincoln had to come up with 10 percent of the amount they were going to get. So you know what they're talking about doing now? Annexing the State Fair property, which was not a part of the deal at all. That's how Lincoln is going to slide out from under it. And that's how clever and slippery Walt Radcliffe is. And he got Senator Landis to help him to do it, as he's getting Senator Landis to help him on this Cabela bill to ruin other businesses so Walt can get his money from Cabela's. And the Legislature doesn't have to yield to that. The Legislature does not have to yield to that. And there are people now upset about the State Fair deal. And what I'm going to do next session is look at amendatory language to some of those bills that are referenced in that constitutional amendment. Because the Legislature can change those bills and thereby change the distribution of that lottery money. When I tried to get Senator Landis to put into the constitution those bills as they exist at the time of the adoption of this amendment, that would have been ensured that even if the Legislature changed those bills, they would not change the distribution of that money, because it would have been frozen at that time. But Walt and Senator Landis didn't

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want any amendments. So now if we change those bills, we can change the distribution of that money. And if we repeal them, it is impossible to distribute the money, because that according to which it was to be distributed no longer exists. And the constitutional amendment did not take care of that. And I can show you the amendments that I offered to do that, which were rejected. So now you come to another matter. You've given business all they wanted in LB 312. Now you have another Radcliffe bill being orchestrated by Senator Landis. And it's going to kill off some existing businesses. In other contexts, Senator Landis speaks for businesses, even little ones. But not today. He is the one who in the past has talked about protecting the state's tax basis...base, and its revenue, and those kinds of things, revenue stream--I hate that cliche. But there's going to be a difference now. All of that goes out the window, because the "Emperor" has said, this is the way it shall be. And the Legislature is going to go for it, because you're bedazzled. And you always go for it. And Walt knows you'll go for it. But there are some who are not going for the okey-doke this time. If all of this extra traffic is going to come from all over the world to give Cabela's all...

SENATOR CUDABACK PRESIDING

SENATOR CUDABACK: One minute.

SENATOR CHAMBERS: ...of this money, why do they even ask for this help from the state? They could build their stores, they could put ten stores in Nebraska, because they've got people lined up all over the world just to go to Cabela's. They just don't have enough of them. Why, they'd have enough to spark a construction boom in Nebraska all by themselves. But that stuff is not true. But it's good enough to beguile, bewitch, bebother, bewilder this Legislature. And the "Emperor" and Senator Landis may prevail again. But I will do what I can to make Walt earn his money. Then I'm going to scoff at you all, and mock and taunt you for having been suckered and snookered once again. And I have said, as Senator Landis pointed out, if you do it differently from the way I think it ought to be done,...

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SENATOR CUDABACK: Time, Senator Chambers.

SENATOR CHAMBERS: ...then I'm going to deal with the rest of the Legislature as I think I should...or the session.

SENATOR CUDABACK: Thank you, Senator Chambers.

SENATOR CHAMBERS: Thank you, Madam...Mr. President.

SENATOR CUDABACK: Mr. Clerk, items for the record, please.

CLERK: Mr. President, a communication from the Governor to the Clerk. (Read re LB 401.) Senator Pahls, an amendment to LB 614, to be printed; Senator Raikes, LB 425; Senator Don Pederson, LB 425. And Senator Schimek, a motion to LB 614. That's all that I had, Mr. President. (Legislative Journal pages 1461-1469.)

SENATOR CUDABACK: Thank you, Mr. Clerk. On with discussion of the motion to recommit. Senator Stuhr.

SENATOR STUHR: Thank you, Mr. President. I yield my time to Senator Chambers.

SENATOR CUDABACK: Senator Chambers, you have about five minutes.

SENATOR CHAMBERS: Thank you, Senator Stuhr. Be still my beating...if I had a heart. Mr. President and members of the Legislature, believe it or not--and it may be easier not to believe it than to believe it--I am looking at the Legislature as an institution, and I'm looking at our process. Yesterday, Senator Landis was handling a bill that he knew I didn't like. I viewed that bill differently from the way I view this one. I'm not sure this has enough votes for cloture. But even if it did, I would still fight it, because it is not good policy, and the bill itself is not fair in its operation and in its impact on existing businesses. I have not become what might be called a pro-business advocate. When I use the term "fair" in this context, I mean you have created an unequal contest. You are giving the bully an additional advantage. And that is not what

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I will sit back and watch happen. It's possible for somebody in business, in the right context, to be among the downtrodden. But since I am the defender of the downtrodden, I would rather do some defending before they are trodden upon. Prevention is better than cure. You know that there are businesses that are operating now. You know that business from them will be siphoned off. You know that they cannot compete with Cabela's. I will grant that. They don't need what is being offered here. And if they needed it, the state ought not to grant it, because it means that Cabela's cannot make it, they cannot function, they cannot generate profit. If they can generate the profit, let them dip into their own money and buy the property and build their establishment and make their money. If then they drive everybody else out of business, that's a part of marketplace ethics, morality, venality, ruthlessness, or whatever it happens to be. But that's where you have created an arena into which you've said everybody can come, no matter how big, small, weak, or strong. But once in that arena, the strongest, the cunningest, the savviest will survive, and the others will perish. But when you have a set of circumstances where there are existing businesses and this other one is not going to come in and play by the rules that these others play by in becoming established, and you're going to tell this big one, we're going to give you a leg up, we're going to give you breaks and concessions that the others did not have, and in giving you those breaks, we're going to put you in a position to break them, to destroy them, that's not fair. Senator Landis can say all he wants to that the competition is not between Cabela's and these businesses they will run out of business, but between Nebraska and Arkansas, or whoever. Tell that to the people who have been maintaining their businesses, who may have...

SENATOR CUDABACK: One minute.

SENATOR CHAMBERS: ...thought of it as something they'll pass on to their family members. Tell them, you've got to be sacrificed because Nebraska is fighting with Arkansas. They're two big wheels, and you happen to get crushed between them, but you don't count. Well, what is the purpose of the competition between Arkansas and Nebraska? The purpose is to keep Cabela's in Nebraska. Why do you want to keep Cabela's in Nebraska? So

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they can wipe out other businesses that exist in Nebraska, and by so doing you help Nebraskans. Which Nebraskans? Why, the Cabela's, of course. The Cabela's. That makes no sense to me, if we're talking about being fair. And Senator Landis can say this has nothing to do with free market and whatever terms he used. But I think it does have to do with it. You are skewing the competition so that it's no longer competition. There is cheating. And Senator Landis and Radcliffe are on the side of the cheaters, and they want to put the Legislature there. And I'm trying to stop the Legislature from falling into that trap. Thank you, Mr. President.

SENATOR CUDABACK: Thank you, Senator Chambers. Senator Landis, followed by Senator Schimek.

SENATOR LANDIS: Question.

SENATOR CUDABACK: The question has been called. Do I see five hands? I do see five hands. The question before the body is, shall debate cease on the motion to recommit? All in favor vote aye; opposed, nay. The question before the body is, shall debate cease on the motion to recommit LB 500?

SENATOR LANDIS: Senator Cudaback, I'd ask for a call of the house.

SENATOR CUDABACK: There's been a request for a call of the house. All in favor of the house going under call vote aye; those opposed vote nay. Record please, Mr. Clerk.

CLERK: 20 ayes, 0 nays to place the house under call, Mr. President.

SENATOR CUDABACK: The house is under call. All unauthorized personnel please leave the floor. Unexcused senators, report to the Chamber. The house is under call. Senators, please report to the Chamber. The house is under call. Senator Jensen, Senator Hudkins, Senator Langemeier, Senator Engel, Senator Don Pederson, Senator Brashear. Senators Schimek, Kopplin, Loudon, Howard. Senators Burling, Kremer, Mines, Synowiecki. Senators Bourne, Thompson, and Beutler. Senator Howard, would you check

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in, please. Thank you. Senator Burling, would you check in. Thank you. Senator Langemeier. Senator Jensen, please. Senator Synowiecki. Senator Jensen, Senator Synowiecki. Senator Landis, Senator Mines is out of the building.

SENATOR LANDIS: That's fine. We can just have a board vote.

SENATOR CUDABACK: Senator Landis, as you know, we already had a board vote, so that's out of the question. You can have the call-ins, or roll call.

SENATOR LANDIS: We'll do a roll call.

SENATOR CUDABACK: Roll call vote has been requested. Mr. Clerk, please call the roll on the question, please. I should restate what the issue is. It is to call the question on the motion to recommit LB 500 back to the Revenue Committee. Mr. Clerk, call the roll on the question, please.

CLERK: (Roll call vote taken, Legislative Journal pages 1469-1470.) 30 ayes, 10 nays, Mr. President, to cease debate.

SENATOR CUDABACK: The motion was successful. Debate does cease. Senator Chambers, you're recognized to close on your motion to recommit.

SENATOR CHAMBERS: Thank you. Mr. President, members of the Legislature, I just want to mention something so that I will not confuse the desk. Mr. Clerk, that's just in case, so that it will be up there in time. Mr. President, members of the Legislature, they couldn't get 33 votes to cease debate. Senator Landis says, so? The "Emperor" said that 33 votes for cloture are there. We're going to have a chance to see. And I want to emphasize again, because I may can alienate enough of you to do what "Senator" Radcliffe wants you to do. In the same way I've got some amendments drafted to this bill, if you vote for cloture, I'm going to start working on other bills. And I'm going to play no favorites. By the time we get back here in January, you all will have forgotten about it. And if you stew on it all during the interim, you won't come back in January,

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because you'll be dead from the stress. (Laughter) And I will come back here, as I have for 35 years. How do you think I have survived? I haven't grown weaker. I haven't become ineffective. I have not become a sellout. I have not become a coward. I will be here. And we're at that part in the session when things have to be demonstrated. And the one who is always challenging me, the "General," is not even here today. That's "General" Friend. I feel that this is the appropriate bill for me to make my stand on, because it is a truly bad bill. Let this be a test vote for the "Emperor." Let's see if you can get 33 votes against recommitting. And it is not going to deter me. Those 33 will have to come up when time comes to make a cloture vote. This bill is not worth the time that it's taking. But if I were a lobbyist, I would want you to take all the time, because it enhances my position and ensures my accumulation of additional fees. So the lobbyist will get what he wants, and I will get what I want, because I want time taken off the clock. And I'm going to take my time, and the time of others who have bills. I read in an Associated Press article that some of you all have secret meetings to see how you're going to deal with me. Well, let's see. Yeah, I read that in the Associated Press. Senators are having secret meetings. Well, let's see what the result is. I can do what I said I'm going to do. Now, you all's meetings are to stop me. I want to see you stop me. We've got one of the worst bills before us. Senator Landis already told you that when he was in a room with the Governor, if the Governor was in agreement, he would make it known. He hasn't agreed on this bill, so what are you all going to do all this for? If the Governor has not said he supports the bill, what does that tell you? As naive as you all want to pretend to be, what does that tell you? Suppose you get it to his desk. What do you think he's going to do? But by God, you will have shown me something, just like those who voted for term limits showed me something. They're going to kill off all of you all to get me.

SENATOR CUDABACK: One minute.

SENATOR CHAMBERS: And by God, they showed Chambers something. So you all are going to join Walt in teaching me a lesson. And what is the lesson you're teaching me? I'm not going to learn

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it. If the lesson is to make me sit down and shut up, that's not going to work. You're going to provoke me to do the opposite. And I'm prepared to do it. This bill, though, should not even be here. The Revenue Committee should not have advanced it. When they sent LB 312 out here, that should have been it. But it having come out here, this bill, LB 500, the motion to bracket it should have been successful. The motion to recommit should be successful. And let the Revenue Committee strike all of this stuff about retail out of the bill, and make it a tourism and entertainment bill. That's the message you can send to them. But you can't send it to them...

SENATOR CUDABACK: Time, Senator.

SENATOR CHAMBERS: ...unless it goes back. Thank you. Mr. President, we're...oh, we're still under call? I would like...

SENATOR CUDABACK: We are.

SENATOR CHAMBERS: ...us to check in.

SENATOR CUDABACK: Senator Chambers, we are under call.

SENATOR CHAMBERS: I would like us to check in, to be sure everybody is still here.

SENATOR CUDABACK: Members, check in, please. Senator Beutler, would you check in, please. All members are present or accounted for. The question before the body is, shall LB 500 be recommitted to the Revenue Committee? All in favor vote aye; those opposed vote nay. The question before the body is, shall LB 500 be recommitted to the Revenue Committee? Have you all voted on the question who wish to? Have you all voted? Record please, Mr. Clerk.

CLERK: 14 ayes, 21 nays, Mr. President, on the motion to recommit.

SENATOR CUDABACK: The motion was not successful. I do raise the call.

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CLERK: Mr. President, I have a priority motion. Senator Chambers would move to reconsider the vote just taken to recommit to the committee.

SENATOR CUDABACK: Senator Chambers, you're recognized to open on your reconsideration motion.

SENATOR CHAMBERS: Thank you. Mr. President, members of the Legislature, they got 21 votes against recommitting the bill. That's 12 votes from the 33 they say they've got for cloture. I don't think they have 33 votes. But I don't leave anything to chance. I'm going to keep hammering and hammering. I've even been told that there may not be 25 votes for the bill. But again, I cannot leave anything to chance. Some of my colleagues have been told things that didn't pan out that way. Who is this stranger walking through our Chamber up in the front? (Laughter) We just allow people to just wander in off the street and walk across the front of the...didn't you all see that person in the short-sleeved shirt? Where were the Sergeants...well, okay. (Laughter) At any rate, let me continue. Not many things can make me lose my thought, but that stranger just ambling through did. Let me return to what I was talking about. Oh. I just...I was...I had it explained to me. It is a colleague in camouflage. And it was appropriate--somebody said "hunting gear"--because of the subject of the bill. So I stand corrected. But members of the Legislature, LB 312, I will say again, has gone over to Select File. There are people who want to offer some amendments to that bill, to try to bring about some degree of equity toward and for employees. Those are legitimate amendments, and they will be discussed. But not one of those amendments would take away from these businesses anything that they have procured from the Legislature. And that should be enough for this session. This bill may not have enough votes to pass, even if it could get a vote. It should not go that far. This reconsideration motion gives us the opportunity to send it back to the Revenue Committee. This is to reconsider the vote that was just taken, a vote where the enemy, the "axes of evil," got 41 votes. You know what I mean when I say "axes of evil"? Senator Combs, you don't have to answer, but do you know what I'm referring to when

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I use the term "axes of evil"? No. She got it wrong. I mean a-x-e-x (sic), those axes that you chop with. The axes of evil are in the hands of those who would corrupt and destroy our process of legislating. The axes of evil are in the hands of Senator Landis and "Emperor" Radcliffe. Those are the axes of evil. I just wanted to make that clear, for the record. And I'm trying to stave them off. And the rest of my colleagues know that we're just waiting for the clock to tick until eight hours have elapsed. And I'm going to demonstrate that I will not get tired at all. And on a bill like this, you all are willing to give up eight hours. That tells me that you do not value the remaining time, in terms of feeling there is not enough of it to get done what you want to get done. So that means it's going to be available for me to handle in the way that I please. After LB 500 comes LB 500A. So let's say you manage to give the Emperor a vote to move the bill to Select File. I don't know whether the Speaker will schedule it again. But I will have amendments ready and pending on LB 500A. After that comes LB 478, a bill that I don't like. So I can legitimately take eight hours fighting that bill. Then we come down...oh my goodness. My good friend Senator Thompson is right in the middle of the target--LB 713. Then Senator Price, then Senator McDonald. Now, Senator Bourne, with LB 748, has me on his side, because I have a motion to reconsider a recommit motion. LB 48, Senator Landis' bill, is one that I can easily go after. And by the time we've gone through that, there may be change in the weather. There may be a change in the sea. You may even look around and see a change in me. My talk may be different, my walk and my game. Nothing about me may be the same. Senator Janssen is over there feeding me these words. He is cuing me. So he bears part of the blame for what I just did. And what difference does it make how I use this time now? I believe all of the meaningful arguments have been given. But I'm going to repeat some of them. Let's say you have 100 people in a community. You have ten stores. And to make it easy for me, each store has ten customers, who are faithful. Then the king says, I'm going to bring in a new player. And although the other ten of you had to find the wherewithal to build your establishments, build up your clientele, I'm going to help this one, who is ten times bigger than any one of you, to set up shop right next to where the ten of you are operating, and I'm going

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to ensure this operator's success. Now, there are 100 people who are the customer base for the ten of you. But don't fret. There are 13 people who from time to time will pass this operator's establishment, but they won't be there every day. So naturally, some of your customers are going to leave you and come to the big operator. And if they like what the big operator has enough, and, with the assistance from the crown, that operator will be able to undersell you, you ten may go out of business. But it doesn't really matter, because your customers will now be absorbed by the big operator. The commonwealth, or the realm, will suffer for a while, because the king is going to allow tribute not to be paid by that big operator. But the kingdom must go on, so the rest of you are going to have to kick in a little more money. And then ten who were in business, no longer are. They're on the dole instead of the tax roll. But that's just the way things go. If somebody wrote a fairy tale, they'd tell it in class, and George Will and these other people would latch onto that right away. But here in Nebraska, where it is supposed to be a conservative state, I hear all this ranting and raving when they want to give everything to business about the work ethic. The word "ethic" shouldn't even come out of the mouth of anybody on the floor of this Legislature who is on the wrong side of these issues. The work ethic. All right. These little outfits have exercised the work ethic. They have built a business. They have maintained and sustained that business through their work ethic. Now here comes somebody who doesn't need anything, and the state is going to give them something that gives them an advantage over...

SENATOR CUDABACK: One minute.

SENATOR CHAMBERS: ...these others who made it through their work ethic. And now work ethic goes out the window, because they are to be crushed out. A different set of principles will now come into play. A different standard is going to be imposed. The rules of the game are not the same. Those were written with a pencil, and that pencil has a long eraser. And now the eraser is going to erase whatever applies that would affect this big shot the way it affected the little shots. And the little shots are not going to be benefited by the erasure, because the benefits given to the big shot are not going to be

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given to the little shots. I'd like to ask Senator Janssen a question.

SENATOR CUDABACK: Senator Janssen, would you reply?

SENATOR JANSSEN: Yes.

SENATOR CHAMBERS: Senator Janssen, is there anything in this bill which says that the state will help make up the losses suffered by existing business as a result of the benefits being given to Cabela's?

SENATOR JANSSEN: No.

SENATOR CHAMBERS: Well, what will happen to those businesses...

SENATOR CUDABACK: I'm sorry. Your time is up, Senator.

SENATOR CHAMBERS: ...if they suffer losses...oh. Thank you, Mr. President.

SENATOR CUDABACK: Thank you, Senator Chambers. (Visitors introduced.) On with discussion. Senator Stuthman.

SENATOR STUTHMAN: Thank you, Mr. President, members of the body. As I have spoken before, you know, I've been listening very attentively. And I'm trying to figure out some way how this relates to what would be considered like my business. I am an independent farmer, cattle feeder. Not a large cattle feeder, but do feed cattle. What if...and we discussed this several years ago, livestock-friendly county. When we have, you know, the livestock-friendly county, that means, you know, we are friendly to livestock operations. What, in fact, if there was a large feedlot wanted to come to the county, and they said, yes, we would love to have you come there, because we have, you know, the by-product from the ADM's wet milling company. We could utilize that. We've got a lot of grain. We could utilize that, you know. And you know, to tell you the truth, if we could get this large feedlot into our county, we would let you buy a section of ground, and we would give you 75 percent of your property tax in rebate, for that large operation to come

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there. But it's a business. It's a big business. But what does that do in competition with me, with my operation? Sooner or later, it's going to choke me to death. I feel this is the same type of a scenario that we're dealing with here this afternoon. We're giving some type of a preferential treatment to get someone to come here. You know, I wouldn't like to see a large livestock feeding operation, a super large one, in my community, that would starve out a lot of the smaller operators. I would like to see a lot of smaller individual operators continue to survive. They would be a real asset to the community. But when you have one come in and choke out the rest, in the long run, that is not good for a community. I'm trying to make a statement that, you know, the direction that we're going, are we setting a precedent to something that will really hurt us in the future, to give preferential treatment, you know, to a business, just to attract them there? And I'm not against competition. But I think it should be on a level playing field, apples to apples, oranges to oranges. And that's the way I feel. If they want to come in, they're welcome to come, but with no tax incentive that directly competes with another retail outlet. Thank you.

SENATOR CUDABACK: Thank you, Senator Stuthman. Senator Chambers, followed by Senator Janssen.

SENATOR CHAMBERS: Mr. President, members of the Legislature, since Senator Janssen's light is on, I won't engage him in our discussion, because he may want to continue. I'm going to use my time for my purposes, which are to try to show the Legislature that we should not advance this bill. You have given the "Emperor" four hours of time. As the amount of time diminishes, the value of that which remains increases. I don't mind how the time is expended. The bills that we have to get out of here are the budget bills. But we don't have to get them done this session. Is Senator Don Pederson here? I don't see him. Well, I'm going to ask Senator Engel a question, if he's here, because he's next in line.

SENATOR ENGEL: I'm here.

SENATOR CUDABACK: Senator Engel.

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SENATOR CHAMBERS: Senator Engel, if we don't get these budget bills passed during the regular session, what is likely to happen?

SENATOR ENGEL: We would have to have a special session to do it.

SENATOR CHAMBERS: Because we do have to get a budget passed, don't we?

SENATOR ENGEL: We have to have a balanced budget, yes.

SENATOR CHAMBERS: And we...if we don't get the budget bills done, we definitely will have a special session for those.

SENATOR ENGEL: Yes.

SENATOR CHAMBERS: But there is no other bill in here which would probably merit a special session, do you think?

SENATOR ENGEL: Not in my opinion, yes.

SENATOR CHAMBERS: And I agree with you. Thank you. Senator Engel is our leader. He's the head of the Executive Board, and now you see why. And I agree with every word that he said. Now, you all can be enticed by Senator Landis, or you can be aggravated by me. Do you think I will not do on these bills what I said I would do? But you don't have to find that out tonight. You may not even have to find it out tomorrow. Because we have a little time that we're going to have to spend on the budget. And there are some other bills which I think are going to have legitimate amendments that will merit some serious discussion. So there will be time for the Legislature to cool off, for those who are upset to have that dissipate. But we'll be back on LB 500. And I know the "Emperor" is going to be working on you all, because he's going to lash you from pillar to post. But I dare say, he won't go after Senator Stuthman, and a few others. I don't think he'll mess with Senator Janssen. He won't mess with Senator Redfield. All he can do is try to shore up Senator Landis and tell him, well, Dave, you've

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gotten out there that far, now you got to go through with it. You can't do any more damage than you've done already. That's what they tell athletes who have an injury, but the athlete is important to the team. So they will tell him, you may have pain, but play through the pain, because the injury is such that you cannot make it any worse than what it is. Instead of saying, we want to rest you and make sure that this does not become a career-ending injury for you, they're looking in the short term at maybe a particular game. So they tell the athlete, we want you to risk your overall health because you cannot damage this any further. Maybe true, maybe not. Sometimes people have gone so deep into a thing that they've got to go all the way, because they say, it is no farther going forward than it is for me to come back to where I started. But sometimes, to go back to where you started would put you in better stead, because there is credibility that goes along with that. When the Chairman of the Revenue Committee tells us that we ought to...

SENATOR CUDABACK: One minute.

SENATOR CHAMBERS: ...change the way we do things and the way we handle tax revenue, to help one company, and tells us that we ought to treat this retail establishment in the way that no other retail establishments have been treated, it calls into question what that Revenue Committee is about. Because it took more than the Chairman's vote to get this bill out here. Thank you, Mr. President.

SENATOR CUDABACK: Thank you, Senator Chambers. Senator Janssen, followed by Senator Schimek.

SENATOR JANSSEN: Thank you, Senator Cudaback, members of the Legislature. You know, you look back several years ago, when Cabela's first started their little operation. And I've heard that story, as most of you have, about how they started in their garage, wrapping fish flies, or one thing and another, and they would peddle those things throughout...you know, in the neighborhoods. They'd get hardware stores to sell them, and so on. And of course, their business grew. It grew and it grew. And they have been a great asset to the state of Nebraska, you

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know. And it just seems to me that what happens when someone gets so big...and thank goodness they do. I mean, this...it's great. That's the American way. But what about the small towns--not only in the small towns, but in the cities also--where you have someone with an idea, and they work hard at it, and they try to make that grow, you know? Nobody is going to help them. If they've got a good product to sell, people will patronize them. But you get to the point where you're so darn big that you think, they can't get along without me. I'm going to make it tough. I'm going to play hardball. If I'm going to come into a community, by George, you're going to help me. You owe it to us. Not the way it works. I don't ask any quarter in my business. Senator Cunningham doesn't ask any quarter. Senator Stuthman, sure, he'd like to have some help in his feedlot. But you know, that's not...to me, that's not the American way. If you work hard in this country, you've got a chance to make it. But why do you need government help? Why do you have to take back something that you should be giving the state? Cabela's has given to this state. They have given jobs, they've made a name for themselves. People say, Cabela's, oh, that's in a town in Nebraska, isn't it? Sure, they're known all over the world. Enough of that, you know. Senator Chambers, you and I...you wanted to have a little conversation with me. Let's carry on a little dialogue. I don't know how much time I have left, but...

SENATOR CUDABACK: Senator Chambers, about two, twenty-two.

SENATOR JANSSEN: Okay.

SENATOR CHAMBERS: Thank you. Senator Janssen, what I had asked...what I was asking--and you answered that part of it--there is nothing in this bill to in any way compensate those businesses that are existing now which will be hurt by Cabela's. Is there...what will become of those businesses if they suffer economic damage as a result of the state helping Cabela's to set up there?

SENATOR JANSSEN: Well, Senator Chambers, if they're in the same business as Cabela's and they don't have anything else to offer other than what Cabela's do. Cabela's is a huge company.

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There's...they have all kinds of material, things to buy in their establishments. Now, would you rather go...

SENATOR CHAMBERS: So what do you think will happen...

SENATOR JANSSEN: ...would you rather go down to a small, let's say, fishing tackle store in Omaha that sells fishing poles and so on, so forth, it's 25 foot wide and maybe 60 feet long; or go into this big fancy place where there is thousands and thousands of different flies and material? You know where you'd go.

SENATOR CHAMBERS: I can just see it, Senator, unfolding before my eyes. I would go to the big one.

SENATOR JANSSEN: Absolutely.

SENATOR CHAMBERS: Okay.

SENATOR JANSSEN: Because that's where all the fancy stuff is at.

SENATOR CUDABACK: One minute.

SENATOR CHAMBERS: Then what would become of this little 2-foot-wide, 60-foot-long operation?

SENATOR JANSSEN: Well, the first thing he'd do is, if he had a couple employees, a couple of young high school kids, you know, give them a job, helping them out, help them get started, he'd have to say, well, Johnny, I'm sorry, but I'm not selling enough fishing equipment this year to keep you on; I'm going to have to let you go. So that kid is going to have to find another job somewhere, because he's trying to help himself through school, and maybe help his family.

SENATOR CHAMBERS: And if the results were bad enough, that individual may go out of business, actually.

SENATOR JANSSEN: Absolutely. And there will be one more vacant spot in downtown Omaha.

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SENATOR CHAMBERS: And for every business that goes, there will be (singing) one child born in this world to carry on, to carry on. (Laugh) Thank you, Mr. President.

SENATOR CUDABACK: Thank you, Senator Chambers. Further discussion. Senator Schimek, followed by Senator Chambers.

SENATOR SCHIMEK: Yes. Thank you, Mr. President, members. I yield my time to Senator Chambers.

SENATOR CUDABACK: Senator Chambers.

SENATOR CHAMBERS: Thank you. And Mr. President, I'm sure...and thank you, Senator Schimek...it was on condition that I not do any more singing. And I'm going to abide by that unspoken request. What Senator Janssen and I were going through, in agony, step by painful step, is what can befall some of these businesses that will be affected negatively. I'd like to ask Senator Janssen another question or two along that line.

SENATOR CUDABACK: Senator Janssen.

SENATOR JANSSEN: Yes.

SENATOR CHAMBERS: Senator Janssen, as a general principle or rule, would you say this Legislature on the whole could be considered a pro-business body?

SENATOR JANSSEN: For an agricultural state, yes, I would say we are pro-business.

SENATOR CHAMBERS: If this that is being envisioned by LB 500 is done, would that indicate that the Legislature is pro-certain businesses of a certain size, rather than in favor of all businesses having a fair shot?

SENATOR JANSSEN: Well, we continue to try to help small businesses throughout the state. But it seems like it's always harder to do something for the small mom and pop operations than it is for the large corporations.

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SENATOR CHAMBERS: Now, if in this situation the bill were to pass, and Cabela's would come where they want to be, and ran others out of business, that is something that the Legislature could anticipate happening, don't you think?

SENATOR JANSSEN: I would certainly think so, Senator Chambers. And the same thing has happened with communities. Senator Schrock and I were just talking about, he said, people will go right through Holdrege--Holdrege is a town of about 5,000 people--and they'll go to Kearney. And you know where they go in Kearney? They go to Walmart.

SENATOR CHAMBERS: Walmart. Okay. Now, it would seem, the way things are actually shaking out in this state, that the Legislature tends to favor big businesses, because existing small businesses may actually be hurt by the benefits or incentives Nebraska will give to these big businesses. Would you agree with that?

SENATOR JANSSEN: I would agree with that.

SENATOR CHAMBERS: Thank you, Senator Janssen. And this bill is a concrete example of that. But my good friend Senator Connealy favors this bill. I would like to ask him a question, if he's willing to respond.

SENATOR CUDABACK: Senator Connealy.

SENATOR CONNEALY: Yes, Mr. President.

SENATOR CHAMBERS: Senator Connealy, why do you favor this bill now? Because you said at another point, but I don't remember what you said.

SENATOR CONNEALY: I said that it's because it's a Nebraska company in competition with a Missouri company for the same kind of market. And I think that we'll draw people off the Interstate to put more activity here in eastern Nebraska.

SENATOR CHAMBERS: Well, now, Senator Connealy, I heard that they were trying to make Elkhorn a part of Omaha. But I didn't

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know they were trying to make it a part of Missouri. The business...one of them that's going to be wiped out is in Elk...is in Senator Dwite Pedersen's area, not Missouri. So Cabela's will compete against some stores in the area where they'll set up. Isn't that true?

SENATOR CONNEALY: Yes, that's true.

SENATOR CHAMBERS: And you don't care about those?

SENATOR CONNEALY: Well, no, I think there's a balance here. I think that you have to take everything into consideration. And that is a negative. The possibility of sales tax and competition with existing Nebraska-based businesses is a thing that we have to take into consideration. But there is also a brand-new big competition coming into Council Bluffs, and because of that,...

SENATOR CUDABACK: One minute.

SENATOR CHAMBERS: But the loss of these...

SENATOR CONNEALY: ...that is one of the tipping factors, for me.

SENATOR CHAMBERS: The loss of these little businesses could be called what that cliche described now as collateral damage. We just have to be willing to sacrifice them to help Cabela's, right?

SENATOR CONNEALY: No, I don't believe that there will be loss of business. Could be...in total, I think it could be a shift, to some extent.

SENATOR CHAMBERS: You mean, whereas they...

SENATOR CONNEALY: But I believe that this will draw business off the Interstate and draw new business into the state of Nebraska.

SENATOR CHAMBERS: Whereas they used to could buy their baby a

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pair of mittens and a pair of shoes, they can now buy one mitten and one shoe, these little businesses? If that?

SENATOR CONNEALY: Maybe one pair of hunting boots and one backpack.

SENATOR CHAMBERS: Could they give them a cup so that they could go beg on the corner? You...that meets with your approval, huh? Old Senator Connealy. I told him I'd call him Ichabod. That means "the glory has departed." Thank you, Mr. President.

SENATOR CUDABACK: Thank you, Senator Chambers. You may continue, Senator Chambers. It will be your third time, as you know.

SENATOR CHAMBERS: Thank you, Mr. President. And it got here awfully quickly. This bill requires contemplation. And I need some more time. We're at 5:34. I need enough time to get us to 6:00. I'd like to ask Senator Stuthman a question.

SENATOR CUDABACK: Senator Stuthman.

SENATOR STUTHMAN: Yes, Senator Chambers.

SENATOR CHAMBERS: Senator Stuthman, have you spoken three times on this?

SENATOR STUTHMAN: I think I've spoken twice.

SENATOR CHAMBERS: Were you...

SENATOR STUTHMAN: Once? Jeepers, that's not too bad.

SENATOR CHAMBERS: So you have two more times. Would you share one of them with me?

SENATOR STUTHMAN: I would be glad to do that.

SENATOR CHAMBERS: Thank you. And I will finish my time now. I do want to get us until 6:00, which is what I promised. And then tomorrow we will deal with the budget bills. And if we

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finish those, we will at some point get back down here to LB 500, and we can renew the struggle with the "Emperor." And I can offer, on a new day, the same motions that I offered today. So I will again be carrying the load. And I don't mind doing that. I'm prepared to do it. I delight in doing it. But I regret that it is necessary. If this bill were not being sponsored by "Emperor" Radcliffe, it would not be where it is now, and Senator Landis would not be involved with it. I know it. Everybody knows it. I cannot determine what will and will not come on the floor of this Legislature. But once it comes on the legislative floor, I can determine what I intend to do with it and about it. So I will just continue to repeat. My words will be like a continual dropping of water. And I can go on and on. But as the days dwindle down to that precious few, don't you all start grumbling and whining then. You're setting up right now the conditions that you're going to rue later on. You should have bracketed this bill. You should have sent it back to committee. This motion pending now is a reconsideration of that erroneous vote which failed to garner enough to send it back to committee. It did not lose by enough votes to give the "Emperor" cloture. But he's going to keep pushing his minions on the floor of this Legislature to take the time, or to give me the time. And I'm not going to relent. I have a greater obligation to stop this nonsense than Senator Landis has to push it. He got what he wanted yesterday with LB 312. He got something that the Governor supported, that the business universe supported. He cannot even tell us that the Governor supports this bill. So why does he have you all going through this? To keep faith with the "Emperor." He and the "Emperor" work together. One hand washes the other. You all know it. You just won't say it. But I know it, and I will say it. So if Senator Wehrbein were willing to...

SENATOR CUDABACK: One minute.

SENATOR CHAMBERS: ...have the state send a big dairy operation into his area and make it possible for them to run him out of business, he ought to support this bill. If Senator Loudon would be in favor of the state bringing in a direct competitor to him, huger than him, that would run him out of business, he ought to support this bill. There are businesses in the area

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that this operation would be in which will cease to be because the state is putting up the money. If Cabela's is as great as everybody says, let them pay their own way. You all are the ones, when we're talking about single women receiving aid, that she ought to get out there and work. Let Cabela's do what you want to make these single women do. But you respect Cabela's, and you disrespect these women.

SENATOR CUDABACK: Time, Senator Chambers.

SENATOR CHAMBERS: Thank you, Mr. President.

SENATOR CUDABACK: Mr. Clerk, items for the record?

CLERK: Mr. President, I do. Amendments to LB 500 by Senator Beutler; Senator Landis, to LB 500. Study resolutions: Senator Combs offers LR 111...I'm sorry, it's not a study resolution. It's a regular resolution. That will be laid over. I have some name adds, Mr. President: Senator Connealy would like to add his name to LB 90; Senator Redfield, to LB 478. (Legislative Journal pages 1470-1472.)

And I do have a priority motion. Speaker Brashear would move to adjourn until Wednesday morning, May 11, at 9:00 a.m.

SENATOR CUDABACK: You've heard the motion to adjourn until Wednesday morning, May 11, 9:00 a.m. All in favor say aye. All opposed say nay. I guess I am in doubt a little bit. So we will request a board vote on the motion to adjourn. All in favor of adjourning vote aye; all opposed, nay. Have you all voted who care to? Record please, Mr. Clerk.

CLERK: 17 ayes, 5 nays to adjourn, Mr. President.

SENATOR CUDABACK: We are adjourned till tomorrow morning, 9:00 a.m.

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