

cause of the cost to them and have elected in lieu thereof to go the route of their own 25-year bond issues where their amortization costs were lower?

THE CHAIRMAN: Delegate Stern.

DELEGATE STERN: There have been some counties and there will be some counties if 25-year bonds are authorized that will not be able to afford the 25-year limit. Where do you stop, sir?

THE CHAIRMAN: Delegate Willis.

DELEGATE WILLIS: Delegate Stern, could you name any counties that are now selling school bonds for a term longer than 25 years?

THE CHAIRMAN: Delegate Stern.

DELEGATE STERN: No, I do not have the figures.

THE CHAIRMAN: Delegate Willis.

DELEGATE WILLIS: I do not believe there are any.

THE CHAIRMAN: Are there any further questions?

Delegate Armor.

DELEGATE ARMOR: Just one question of Delegate Stern.

Several bankers appeared before the State Finance Committee. Did one of those bankers say his bank was not interested in buying 15-year bonds?

THE CHAIRMAN: Delegate Stern.

DELEGATE STERN: I believe there was one banker who said that and I don't think that was the same banker I quoted that said they had no trouble selling 15-year bonds.

THE CHAIRMAN: Are there any further questions?

Delegate Weidemeyer.

DELEGATE WEIDEMEYER: Delegate Stern, we have been hearing about county bond issues. These provisions here, as I see them, apply only to state bond issues?

THE CHAIRMAN: Delegate Stern.

DELEGATE STERN: That is correct, sir. I found that letter and I wish to quote from this letter from the Legislative Council signed by 14 members. The last paragraph reads: "It was the unanimous opinion of this Committee that there should be no change in the present arrangement of a

15-year term for bond issues. The Committee wished to go on record with your Committee in that regard. Sincerely yours", signed by the 14 members.

THE CHAIRMAN: Delegate Bennett.

DELEGATE BENNETT: If you have a moment, Delegate Stern, perhaps you would elaborate a little on that philosophy as to why there should be no bond more than 15 years. In that connection perhaps you would tell me why this generation perhaps that authorizes these bonds should have to pay off for an asset which our posterity will enjoy.

THE CHAIRMAN: The Chair will permit the question but cannot refrain from pointing out the question period is for purposes of clarification and not debate. There will be a debate period.

Delegate Stern, can you answer the question briefly?

DELEGATE STERN: No, sir. The last generation paid for what we are using and we are paying for it by maintenance costs. The current generation will use it and pay for it while they are using it and the next generation if they want to use the asset will have to maintain the assets. It is well known that the asset wears over the years. The tile wears out on the floors, windows get scratched badly and have to be replaced, air-conditioning, if it is not put in as it was not put in many buildings, if we want to use it must be put in. Heating units go. These are vastly far more costly than the costs of the buildings themselves. Not also included in this general construction are movable partitions, room sizes change, if you are not satisfied with the small cubicle you have when government changes and the office changes the walls must be torn down, rebuilt, reshaped to make room for larger ones. As the years go on these maintenance costs increase and they are paying for it. Why should we pay for their use now when if you do it that way they will get benefit of both?

In a 25-year bond of \$1 million at the 15th year less than half the principal has been paid off so that from the 15th year to the 25th year those people in that last 10 years are paying \$535,000 in principal off. They are paying double for it. This is what you are throwing upon your children and your grandchildren.

Mr. Chairman, one more. Knowing your interest in preserving the record I have had a color photograph and black and white photograph taken of my chart which I will give to the journal clerk.