

through our budget procedure where we have looked at the projected revenues, the expenditures, the income, and we have reached some conclusions that I think at this time to increase the tax credit beyond \$23 for the next fiscal year would be going a step beyond what I think we are capable of doing under the restraints we have placed on ourself with the 7% increase in the total budget and no increase in taxes. So what I am trying to do is suggest that this Legislature in this issue which is a perennial issue look ahead a year, plan ahead a year to know that when we are deliberating the budget over the summer and over the fall and putting together the revenue projections and the expenditures and the requests that we know that we are going to increase the sales tax on food credit from \$23 to \$26 the next fiscal year after the coming fiscal year, that is, we give our Legislature, our body, a chance to plan ahead and to know that we are going to increase that credit. Now I propose this increase at \$26. It could be much higher. I cite a couple of examples. I had my researcher look into the average Nebraska family's amount spent on sales tax on food. This is from the Nebraska Department of Revenue Research Division. In 1978 it is estimated at about \$31 was spent by the average Nebraska family on the sales tax on food. It was \$28 last year, in '77, and then \$21 in 1976. So when I talk about raising this to \$26 for the coming fiscal year, that is still going to be below what the average family will spend on the sales tax on food. So it doesn't go as far as I wish it would, but considering the revenue problems and the expenditure problems that we have and meeting our budget needs, I think it is the best we can hope for. I think that Senator Maresh in suggesting that we look at the impact of inflation on the credits that we are providing is a wise idea and so he reached the \$23 figure for this coming year based on the inflation rate over the past two years. But when you apply an inflation rate or any sort of interest rate, you have to also look at the base that you are using and the base of \$20 is in my estimation inadequate. So just increasing by the amount of inflation does not address itself fully to the problems that we have with the credit. I don't think it goes far enough. So I really don't care what some people will say will be the inflation rate over next year and that we ought to tie the increase in the credit to the inflation rate because that is based on a faulty assumption that the present credit is adequate or fair, and it is not. To make it more fair, however, I suggest that we raise the credit to \$23 as is included in the bill as proposed by Senator Maresh and also anticipate, plan and commit ourselves to raise that credit to \$26 in the next fiscal year following the immediate one. So I ask you please to look ahead, to make