

March 10, 1982

of Nebraska in 1980 and 1981 kept a hundred million dollars in their pockets that otherwise would have been taken by state government. The federal government cut income taxes by 5% in October, 1981, and another 10% cut is scheduled for July 1. As you know, it was my sincere desire to pass through those cuts and give another 15% cut in state income taxes on top of the 16.6% cut that Nebraskans had enjoyed for those two years. Declining revenues show that all of those cuts just cannot be put in place. If you adopt the proposal I am outlining today, the state personal income tax paid in 1982 will be virtually the same as that that was paid in 1981. To be more specific let's look at the state taxes paid by a family of four with an adjusted gross income of \$20,000. In 1979, the year I became Governor, that family on that income, after food sales tax credit, owed \$327 in state income taxes. In both 1980 and 1981, the amount paid was about \$228. In 1982, the amount for this family with the budget I now suggest, would be less than \$230. In other words, this family would pay \$97 less in state income taxes in 1982 than they paid in 1979. Last year, the Legislature responded with courage and commitment to my call for belt tightening in the Special Session, and I want to again thank you all ever so kindly for your courage at that time. Had you not done that, the situation we face today would be much more critical and almost impossible. Now, you are being asked to take another notch. I have every confidence that as men and women dedicated to true representation of your constituents, you will respond appropriately to the serious problems confronting us. They are not problems of your making or of mine. They are the result of economic circumstances far beyond the control of any one state. Together we bear the responsibility for meeting this new challenge. In this message I have offered my proposals and indicated the course I believe we should take. Those recommendations are based on some difficult and often distasteful decisions but they had to be made. The decision pretty much now rests in your hands. If any member of this Legislature or any committee believes there are better ways to achieve the goals I have outlined, I assure you I will be most receptive to your suggestions. The people of Nebraska are looking to their Governor and to their Legislature to take the difficult but necessary actions that the situation requires. I am confident that we will meet the current challenges head-on and I'm also confident that there are good days ahead for Nebraska and its solid citizens. The times, in my opinion, call for cool heads. I would also say that there are some rays of light that seem to be breaking through these economic clouds and I predict that Nebraska will emerge from this winter of its discontent and that economically vibrant months and years are not too far off. Again, thank you for your appreciated hospitality here this morning. Good day.