

March 29, 1982

LB 757

the motion to kill LB 757. Numerous reasons have been given and I support most of them. I really think this has taken a political turn which is unfortunate. For years we have discussed in this body who should have the responsibility of setting sales and income tax, should it be this body or should it be the Board of Equalization? And always we have come right back to the same place, the Board of Equalization should have that responsibility. Here, too, the Board of Equalization should have the responsibility of setting the reserve. I wish I had more reserve in our operations. There comes a time once in awhile you have to get along with a little less security just because of cash flow. The Governor is on the Board of Equalization and I feel strongly it is their responsibility. I just feel this is a simple bill. All we are doing is striking some old language that says it can't be less than three or it has to operate within a narrow margin of three to five or three to seven. Let's give the Board this responsibility. They can handle it. I think it is improper for us to do at this time. We are living in a little different time. I do not feel that strong that we are headed for a crisis. I think we are going to come through this and let's give it a little time. We have to maybe adjust some of these things that we have been used to doing. I think we can afford to take that risk and I think we will prove it is going to be okay.

SENATOR CLARK: Senator Fowler.

SENATOR FOWLER: Mr. President, I would argue against lowering the reserve. First of all, I think the argument that there is a range here, practical experience would seem to indicate that the minimum reserve is all that politically the Board of Equalization seems willing to go with. Senator Vard Johnson appeared before the Board of Equalization after the special session and on behalf of himself and Senator Carsten I recall he said raise the tax rates so we can have a higher reserve. The fiscal situation is cloudy. It is hard to project. I would say that Senator Carsten and Senator Johnson were not there on a partisan basis, they were there on the prudent basis of saying that a 3% reserve itself was too low. The five member Board of Equalization did not feel that after a special session it could raise the tax rates in order to have ample funds just simply to have the reserve because of the changing economic times. Now we know what happened. The reserve was at 3% and yet even then that was not adequate. If we then would have had a 2% minimum, I think the same thing would have happened, the Board of Equalization would have found themselves that politically it was not willing to assume the responsibility